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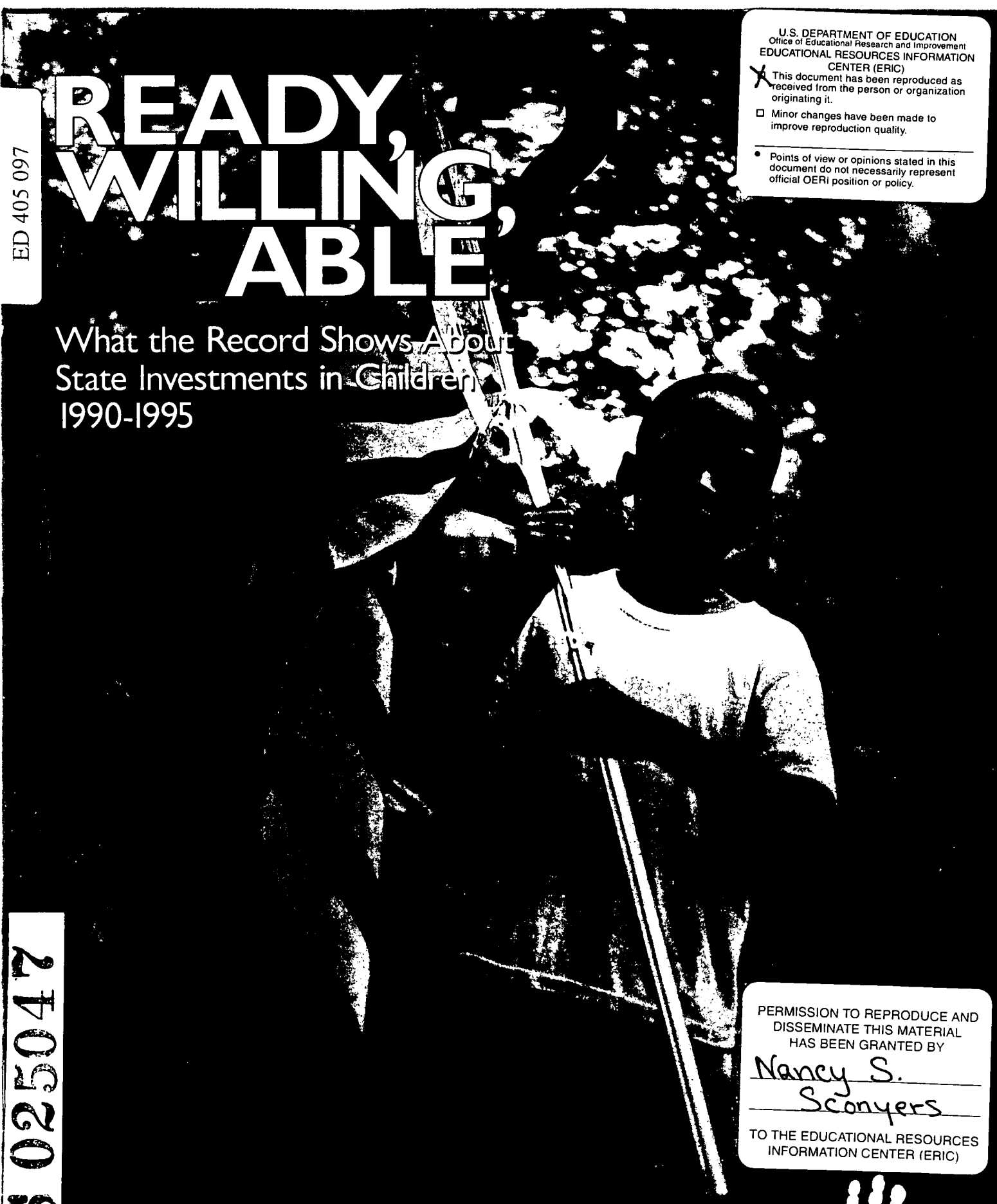
ABSTRACT

In the fall of 1995 the National Association of Child Advocates began the Children's Budget Watch Project in order to collect information regarding children's programs expenditures in 12 randomly selected states and two cities for the fiscal years from 1990 to 1995. Data were collected on the areas of income support, child care, health, abuse and neglect, juvenile justice, and nutrition. The findings indicate that many states did not adjust their Aid to Families with Dependent Children (AFDC) benefit levels from 1990 to 1995 and, therefore, the standard of living of such families declined. Across states, there was a 360% increase in child care funding for the welfare population, but only a 40% increase for the working poor, mostly due to increases in federal funding, which constituted 33% of child care spending. Federal and state expenditures on child health increased substantially, but only 40% of children received adequate care. In 1995, an average of 24% of children received no services that would ensure their safety. The reduction of funding for Social Services Block Grant will reduce the child welfare services provision. Federal resources available for prevention programs are not utilized adequately by many states. Only 4% of juvenile justice expenditures are used for after-care programs for youth. In the area of nutrition the percentage of schools participating in the lunch and breakfast programs was ranging from 27% to 100% in some cases. Between 27% and 64% of households in the states studies received food stamps in 1995. (AS)

READY, WILLING, ABLE

What the Record Shows About State Investments in Children, 1990-1995



The National Association of Child Advocates
Multi-State Children's Budget Watch Report, 1996

What the Record Shows About State Investments in Children 1990-1995

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Cover photo by Lloyd Wolf

In Memory of

STEVEN D. GOLD

(1944-1996)

A pioneer in understanding the importance of relating state spending trends to human needs, especially those of children.

Acknowledgments

This report of the NACA Multi-State Children's Budget Watch has been an enormous undertaking that required the efforts of countless individuals to make the project a success. First and foremost, we would like to thank the staff of NACA member organizations who participated in this project for their tireless efforts to retrieve data, check (and double-check) sources, and provide valuable comments for this report (see the complete list in Appendix A). The assistance of David Richart of Kentucky Youth Advocates was invaluable. On the homefront, we are especially grateful to Eve Brooks, President/CEO of NACA, and Miriam Rollin, Vice President for Policy and Program, for their knowledge of state budget issues and for their guidance in making this project a useful tool for child advocates. Catherine Crystal Foster, Director of Children's Benefits Programs, was instrumental in writing the Income Support and Nutrition chapters, and Heitzi Epstein, Coordinator of NACA's Child Welfare Project, spent numerous hours working with us to write the Child Welfare chapter. Other staff who worked on this report include Audrey Smolkin and Giselle Lederman.

Of course, there have been many other individuals who have helped make this report possible. We would like to highlight the contributions of the following individuals (complete lists of contacts for data collection appear at the end of this report): Robert Greenstein, Iris Lav, and Cindy Mann of the Center on Budget and Policy Priorities, and Louise Stoney of Stoney Associates, for sharing their insight with us after reviewing drafts of the chapters; and Ann Beaudry and Jeff O'Mara of the Millennium Communications Group for their assistance in developing media strategies and identifying relevant messages from a morass of state data.

This report, and the Multi-State Children's Budget Watch Project in general, would not have been possible without the generous support of our funders. NACA would like to thank The Prudential Foundation for providing the anchor funding for this project, with a special debt of gratitude to Marijane Lundt for her personal interest in this project and her commitment to NACA's goal of strengthening child advocacy efforts at the state and local levels. We would also like to thank the Ewing Marion Kauffman Foundation, without which the publication of this report would not have been possible. NACA would also like to thank Barbara Blum at The Foundation for Child Development, and Anne Romasco at the James C. Penney Foundation, who have supported and encouraged NACA's work to strengthen children's budget advocacy over the last three years. We would also like to thank the Butler Family Fund and the Travelers Foundation for their support for this project. Additional funders provided support for specific states, including The Skillman Foundation, which supported Michigan's Children.

The National Association of Child Advocates

The National Association of Child Advocates (NACA) is the only national organization wholly devoted to the creation and sustenance of state- and community-based child advocacy organizations. Founded in 1984, NACA is the collective voice of child advocacy organizations working on the front lines to ensure the safety, security, health, and education of America's children.

NACA's 51 member organizations in 40 states and seven cities and communities vary in many ways—in their size and scope, in the different priorities they face, in the different styles and strategies they develop—but all NACA members have several important common denominators. They are all:

- **citizen-based, nonprofit, independent** child advocacy organizations receiving little or no public funding;
- **multi-issue** organizations that see the child as a whole and know that children need all the pieces of the puzzle—food, shelter, security, education, health care—to grow up strong and productive;
- **advocates**—not direct service providers—educating decision makers on children's programs, collecting data on the status of children and the operation of children's programs, informing the public and the media about children's issues, and litigating on behalf of children when necessary.

As state governments prepare for devolution, which will give them less federal money but new power over social programs, NACA members are taking the lead to ensure that poor children are not forgotten when the budget battles begin. With the aid of several foundations, NACA has launched the Multi-State Children's Budget Watch Project and is working with child advocacy organizations in 12 states and two cities to develop their capacity to interpret fiscal policy and educate the public about the effect of budget decisions on children's lives.

NACA continues to support the work of its member organizations on budget matters and other children's issues by acting as a vital link for members to share ideas, trade information, and plan strategies. In addition, NACA connects state and local advocates with national experts, acts as a clearinghouse for child advocacy information, and provides organizational development assistance in such areas as board development, program building, and fundraising.

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Introduction

The nation has embarked on a risky experiment. Key decisions affecting children are being shifted from federal to state and local officials, at the same time that federal funding for children's services is being reduced. Now more than ever, Americans need to be educated about how children are faring, and to know if and how they are being protected.

That is why the National Association of Child Advocates (NACA) launched the Children's Budget Watch Project in the fall of 1995. NACA is a national association of 51 independent, multi-issue child advocacy organizations at the state, city, and community level. Working with 12 state and two city members (see Appendix A), we examined the children's programs in state and municipal budgets for fiscal years 1990-1995. Though not randomly selected, the states studied offer a good sample of the nation as a whole. There are large states with some industrial base and smaller states relying on agriculture. Some are dominated by urban populations; others are largely rural. We have states from different regions—California and Colorado in the West; Wisconsin, Missouri, Illinois, Michigan, and Nebraska in the Midwest; New York, Pennsylvania, New Jersey in the East; and West Virginia and Kentucky in the South. In addition, we examined data from two cities, Philadelphia and New York City.

Expenditure, service levels, and unmet needs data collected by our participating organizations focused on six areas—income support, child care, health, abuse and neglect, juvenile justice, and nutrition—and provide baseline information that both adds to our understanding of the recent history of state expenditures on children's programs and gives us a yardstick against which to measure the impact of devolution on children. Monitoring will also provide information that advocates and state policy makers can use to plan as devolution becomes a reality.

Expenditure data include federal funds, state funds required to match federal funding, and funding for state-only programs. These figures are conservative, since we adjust for inflation only. This approach may give just part of the picture, especially for states that have had high population increases such as California, because funding must be divided among higher numbers of children. In these cases, reductions in spending are even more drastic than our inflation-adjusted numbers illustrate.

We believe that this is the first time that a cross-state study of expenditures, service levels, and unmet needs has been done that also includes state-funded programs and involves a broad range of areas. And now we know why. In some cases the data were spotty, in others, blended funding streams made expenditures difficult to track. Staff reductions in state agencies caused delays and sometimes compromised the quality of the data we could get. States with county-administered services posed particular problems. Despite the challenges, our participants persevered.

As the rhetoric flew from the halls of Congress, to the Oval Office, to the governors' offices in state capitols, little discussion was heard about what the states' record on children's issues has been. As a result, significant decisions were made that will impact millions of children and their families without the benefit of a study of this kind.

We believe the results of this study could not have come at a more critical time. In the early stages of the 104th Congress, many governors assured the public that devolution would not harm children. Governor Whitman from New Jersey said, "I don't know any governor who is going to abandon children."[1] Governor Bush from Texas envisioned a block grant world in which he, as governor, could "design a safety net for Texas."[2] However, as the rhetoric flew from the halls of Congress, to the Oval Office, to the governors' offices in state capitols, little discussion was heard about what the states' record on children's issues has been. As a result, significant decisions were made that will impact millions of children and their families without the benefit of a study of this kind.

What We Found: The Past Record Does Not Support Today's Rhetoric

Our strongest findings cast doubt on the assumption that states are ready, willing, or able to participate in this new experiment called devolution in ways that will protect children. We found that:

- States are not *ready*. They do not have a comprehensive picture of the condition of the children in their states. Information is limited to single programs; no state had a central agency with an integrated, across-the-board perspective on children and the programs that serve them. State agency staff worked hard to get the data we requested; but sometimes even important, basic data were not available, especially in the areas of abuse and neglect, and juvenile justice. Many states do not know how many children are in their juvenile justice system or whether children at risk of abuse or neglect are receiving services. In addition, some states don't know what services have been provided to children in managed health care plans. Such short sightedness will limit states' ability to respond to the challenges and opportunities of block grant funding.

- States are not *willing*. In many instances, even with strong fiscal incentives, states have not shown they will do what they can to improve the lives of children. Most have not stepped up to provide the maximum allowable health care coverage under Medicaid, even though it costs an average of only $1,100 a year to provide Medicaid to a child.[3] Many have failed to use all the federal money allotted them for education and training so welfare recipients can work, or to protect welfare or child care benefits from the eroding effect of inflation. Most states have limited their investment in child care even though the demand has continued to grow.

- States are not *able*. Federal resources now form a large share of what is spent on children in the states. Almost all of the growth in child care expenditures has resulted from federal funds. Nearly all funding (95%) of child nutrition programs, such as school breakfast and lunch, is federal. Over half of the funding for child health and income security is federal. As federal bud-

get reductions deepen in the next few years, states are not likely to have the capacity to fill gaps of this magnitude.

Even though our findings show that, historically, states may not have measured up, we believe that when states have the will and the right principles, they can do what benefits children.

Even though our findings show that, historically, states may not have measured up, we believe that when states have the will and the right principles, they *can* do what benefits children. Throughout this report, along with our findings, we have tried to point out both what states are doing well for children and what research shows about cost-beneficial preventive policies and programs. In our "Smart Investment" boxes, we feature approaches that have made a real difference in the lives of children. Furthermore, although our findings show that too few states adequately invest in prevention, a significant body of research demonstrates the efficacy of such programs. Acting appropriately and early enough in a child's life can make the difference between health and illness, between school success and failure, sometimes even between life and death. In our "An Ounce of Prevention" columns, we show that prevention reaps benefits twice—a child's potential is safeguarded, and the taxpayers' money is efficiently used.

NACA believes that to understand the impact of policy on the lives of children—the public, elected officials, the media, and advocates need to understand state and local budgets, as well as alternative strategies. This is, after all, where rhetoric meets reality. We hope this report provides a baseline against which progress—real progress, not just promises—for children can be measured. The next generation requires no less than the best from each of us.

Endnotes

1. R. Pear, "Governors Deadlocked on Replacing Welfare Programs with Grants to States," *The New York Times*, 31 January 1995, A1.

2. D. Balz and J. Havemann, "Governors Pushing Welfare Flexibility," *The Washington Post*, 30 January 1995, A1.

3. American Academy of Pediatrics, *State Report* (Elk Grove Village, IL: American Academy of Pediatrics, 1994).

Guide to the Report

This report is believed to be the first of its kind—a multi-state, multi-issue project that examines both state and federal expenditure trends for programs serving children and families. Specifically, this report is distinctive in its analysis of state-only programs along with federal programs, though it is easier to track expenditures and make comparisons across states for the latter. This second approach has been used by several researchers, with *How Funding of Programs for Children Varies Among the 50 States* (Gold & Ellwood, 1995) being the best example. Our decision to include state-only programs was one that led to countless struggles with comparability of data across states because of unique characteristics of state programs (e.g., special functions, funding patterns), but was critical to gaining a more complete understanding of state budgets as they relate to children.

Beginning in November 1995, NACA staff, the project advisory board, and representatives from participating member organizations created a list of indicators (see Appendix E) that would become the guide to data collection over the next eight months. To measure expenditures, levels of service, and the "unmet need," we developed an exhaustive list, which includes the six issue areas of this report: income support, child care, health, abuse and neglect, juvenile justice, and nutrition. In hindsight, a more limited data collection effort may have helped us to avoid many of the pitfalls associated with data collection for a baseline report. However, this level of immersion did serve to expose all of us to the complex and sometimes arcane world of state budget analysis.

This collaborative approach, with NACA and its members working together to define indicators and collect data, enriched the project. Collection of federal data and cross-state analysis would not have given us as complete a picture of children's programs had NACA only relied on national sources. State child advocacy organizations lent the project the benefits of their experience and connections, permitting us to tap sources of information not available to others. Similarly, the interaction with national experts allowed state advocates to become more knowledgeable about federal funding streams and programs and to better understand their importance in children's programs.

We obtained information for this report from a variety of sources. The primary source for participants was state budgets, but agency annual reports, routine data reports, and analyses done by legislative offices or other advocacy groups were also consulted. National sources of data included records and reports from federal agencies, national reports from advocacy groups, and published studies of funding on children, such as Steve Gold and Deborah Ellwood's report mentioned above. Even the veteran budget analysts among our participants encountered challenges in this project. For example, Medicaid funding was extremely difficult to track as it is used in many different agencies, and expenditures are sometimes reported differently in different parts of the state budget. In addition, we know state agencies

were collecting and reporting information to the federal government that was not readily available upon request. In some cases, our groups in states with county-administered systems also had difficulty in learning the specific use of the funding streams, which were in effect block grants. We know that these particular challenges related to tracking funding will be compounded as block grants are used more frequently. Furthermore, in many states, the zeal to downsize government has left agencies without the institutional memory that often includes critical information for child advocates.

Once the state data were collected, the greatest challenge in the production of the report was making the data comparable across states. In order to do so, we categorized funding by function. For example, all state health insurance programs for children were considered as one category across states, although eligibility varies. This was also true for child care programs for working poor families—although eligibility among the states varied, we lumped them into one category for the purposes of comparison. Where allocation decisions were made at the state level for certain federal funding streams, we identified that funding by its use. For example, the portion of the Social Services Block Grant (SSBG) that was spent by the state for child care was considered child care funding.

However, some problems were insurmountable. Because our groups lacked adequate staff resources to trace county or private sector expenditures, we have only included federal and state spending on children, not local spending. And, in spite of our overall success in creating comparable cross-state categories of spending, we were not able to use the state data in every category. In some cases, the data could not be made to conform to our topics, or the expenditure data could not be reconciled to national sources. In addition, there are instances in which the data are only closely comparable. Even with the caveats, however, we are confident that our numbers paint an accurate portrait of the state and federal spending on children.

Our 14 participating groups were selected by NACA to become part of this project based on their ability and willingness to develop or expand state budget advocacy capacity. By collecting and analyzing the data, comparing it to both national data sources and to other states' data, our participating groups have gained budget expertise that will prepare them for roles of increased importance as devolution shifts more power to the states.

Glossary

State budget advocacy has many "terms of art" that need to be clearly defined to avoid misinterpretation. Here is a glossary of important terms that are used in this report, with brief explanations. Descriptions of government programs mentioned in this report are listed in Appendix C.

Adjusted Dollars. Dollar values that are made comparable by correcting for inflation as reflected by the Consumer Price Index. Funding levels for prior years are "adjusted" to reflect how much they would be worth in 1995.

Block Grant. A lump-sum of funds given to states by the federal government with few restrictions on how that money is to be spent.

Devolution. The process in which responsibility and decision-making authority is shifting to a lower level of government. This term is most often used in the context of "devolution" to the state level, but also can refer to the transfer of authority from the state to the county/local level.

Discretionary. Used to describe federal funds that are not obligated to entitlements (see below) or interest on the debt, and are, therefore, subject to annual appropriations decisions.

Entitlement. A program in which funding is guaranteed to any eligible entity.

General Fund. Funds available to the state that are raised by state taxes. This is about half of an average state budget and excludes bonds, "earmarked" funds (for special purposes like education and highways), and funds from the federal government.

Medicaid Matching Rate. The rate at which the federal government shares the costs of most major programs with states. This formula is used for Medicaid, Foster Care, and Child Support, among others, and was used for the federal child care programs. A matching rate of "66.00" means that the federal government contributes 66 cents of every dollar spent on that program in the state. Also known as the Federal Medical Assistance Percentage (FMAP) rate or the state match (for FMAP rates for the states studied, see Chart D-5, Appendix D).

Poverty Line. The federal poverty guideline is issued annually by the Census Bureau. In 1995, a three-person family was considered to be in poverty if their annual income was below $12,980.

State-only. A program that does not have a federal component, is entirely funded and operated by the state, and is often unique to that state.

Total Expenditures. This is the total amount spent by a state, including general funds, federal funds and other state funds.

Unrestricted. Funds available to the state that are not limited to a specific usage. This category includes both state funds and federal funds that are available through a block grant.

Working poor. In this report, this term applies to individuals and families who have at least one wage earner in the family, but whose income still falls below 185% of poverty.

Context of the Report

This report looks at state investments in programs that are key to meeting the needs of children and their families. In order to better understand the importance of the report's findings, one must view them in the broader context of recent trends in family wages, child poverty, and the federal share of state investments in children, as well as the impending federal fiscal crisis and the move toward devolution of authority and responsibility with regard to helping poor children.

Work, Wages, Wealth, and Poverty: The Gulf Widens

Since 1979, incomes in this country have experienced increasing inequality: the "haves" have more, and the "have nots" have even less. Upper income groups have experienced substantial income growth since 1979, while the bottom 40% of families have experienced a decline. Real wages have declined for the bottom 80% of male wage earners, and for the bottom 60% of female wage earners. The largest wage declines were for entry level jobs. In addition to decreasing wages, there are now fewer workers covered by employer health insurance benefits.[1]

The main reason why, despite falling real wages, more families did not experience a decline in family income was that more mothers with young children are working. Employment of mothers with children under 18 (continuing a trend of increases since 1940) went from 53% in 1980 to 64% in 1994. The biggest increase in employment was among mothers of children under three, which rose from 37% in 1980 to 52% in 1994.[2]

The distribution of wealth in this country followed the same path of increasing inequality as was the case for income and wages. Between 1983 and 1989, the percentage of the nation's wealth held by the richest 1% of families went up 5%, from 33.8% to 39%. Meanwhile, the percentage of wealth held by the bottom 80% of families went down from 18.7% to 16.3%.[3]

A major reason for the substantial income and wealth growth among the highest income families was the significant reduction of the tax burden on the upper income brackets since 1979. Wage erosion for middle- and lower-income families is attributed to the drop in the value of the minimum wage (prior to recent federal legislation), deunionization, expansion of low-wage service sector employment and decreasing manufacturing employment, and the globalization of the economy that results in companies moving production to lower-wage countries.[4]

Not only are the rich getting richer and the poor getting poorer, but children are the poorest of all. The poverty rate for children under 18 in this country has been on the rise since 1970, going from 15% in that year to 22% in 1993.[5] In fact, more children have fallen into deep poverty than before: the percent of children living in families with incomes under 50% of the poverty line doubled from 5% in 1975 to

Starting in the '30s with AFDC and the '40s with School Lunch, by the '60s and '70s the federal government increasingly provided funding to help meet the needs of children, because children were suffering from hunger and other poverty-related conditions, and the states had not acted to address this need.

10% in 1993.[6] Not only is the increase in the U.S. child poverty rate appalling, but the child poverty rate itself is much worse than the rates in most other industrialized nations, such as England, Germany, and Canada.[7] Further, most other industrialized nations have significantly reduced their child poverty rates through government transfers to the poor. Government transfers in the U.S. are much lower proportionately than transfers in other industrialized nations, and the resulting reduction in child poverty is much lower in the U.S. than in other industrialized nations.[8]

More and More, the Federal Government Picks Up the Tab for Kids

Given the significant and increasing needs of children and families, another important fact to put this report in context relates to the relative shares of state and federal spending in general, and on children in particular (see Chart D-4, Appendix D). One quarter of total state revenues now come from federal grants.[9] Separating out "redistributive" spending—to help those who most need it—from infrastructure and other spending, the national government's redistributive spending more than doubled from 1962 to 1990, while state and local redistributive spending went up only slightly.[10] In 1962, states and localities accounted for 31% of the nation's redistributive spending; in 1990, they accounted for only 25%.[11] In fact, overall state spending on children's programs other than education has fallen relative to personal income since 1970. Even including education, state and local governments are devoting a smaller share of resources to children than in 1970.[12]

Starting in the '30s with AFDC and the '40s with School Lunch, by the '60s and '70s the federal government increasingly provided funding to help meet the needs of children, because children were suffering from hunger and other poverty-related conditions, and the states had not acted to address this need. The federal government, apparently, had the will and the taxing authority that the states lacked. Federal aid enabled even the poorest states to provide critical assistance to children and families, and matching formulae ensured that states would invest at least some of their own funds, as well. However, as this report will demonstrate, states did not invest as much as they could have in children (although levels of investments varied widely across the states), and states have allowed inflation to erode the value of public benefits over time.

Some Cuts in Federal Aid, But the Deficit Explodes; the Devolution Solution?

The 1980s saw some reductions in federal aid. Between 1982 and 1990, federal grants to state and local government went from 2.8% of the Gross National Product (GNP) to 2.5%.[13] By 1985, federal aid was 5% below fiscal year 1981 levels in real terms; but states had made up for much of the cuts.[14] One way states accomplished this was by raising revenues: 38 states raised taxes in 1983.[15]

Meanwhile, the federal debt ballooned from a little over 30% of GNP in 1981 to over 60% of GNP by 1992. The explosion in the federal deficit is largely a product of two policy changes: the indexing of certain entitlements other than Aid to Families with Dependent Children (e.g., Social Security, Medicare, Medicaid, and food stamps) in the 1980s—which increased federal expenditures automatically—and the indexing of taxes in the 1980s—which decreased revenues automatically from levels that would have otherwise been available.[16]

While cutting aid to the needy seems to be politically feasible, it is not an effective deficit reduction strategy, since aid to the needy is relatively small, constituting just 3% of the federal budget.

Since 1992, the deficit has been reduced by more than half, and some of the cuts to accomplish that reduction in the last two years were in children's discretionary programs (see Chart D-7, Appendix D). A substantial amount of cuts were the result of the new welfare act. However, future deficit reduction will be even more challenging for politicians than the recent reduction: whatever "slack" was in the federal budget has now been erased, the public is in an anti-tax mood, and federal program costs (absent major entitlement policy changes) will balloon to unprecedented levels in the near future. The first of the baby boom generation will reach 65 beginning around 2010; by around 2030, the elderly population (at 13% of the U.S. population in 1990) is projected to rise to 20%.[17] This will result in huge increases in Social Security and Medicare costs. Balancing the budget will be very difficult because, in effect, half the budget—Social Security, defense and, of course, debt payments—is off the table. Since the half that remains consists of many politically popular programs—Medicare, veterans' benefits, border patrols and prison spending—that are likely to be preserved, the rest of that half of the budget, including many programs for needy children and their families, will be reduced by a proportionately greater share than reductions felt by other segments of the population.[18] While cutting aid to the needy seems to be politically feasible, it is not an effective deficit reduction strategy, since aid to the needy is a relatively small portion of the federal budget: the total federal expenditures for AFDC, food stamps, and Medicaid benefits provided to AFDC families constitute just 3% of the federal budget.[19]

In addition to federal funding cuts, devolution has been sold as the solution to the nation's fiscal woes: "Give the authority and responsibility to the states, and they will better be able to help people," according to the theory. Advocates for devolution could even point to state increases that made up for the federal cuts and devolution of the early 1980s. However, the size of the programs now being "devolved" are many times the size of the programs sent to the states in the 1980s block grants; and the programs sent to the states in the 1980s were of a different type: they were discretionary programs, not benefit entitlements. Block granting of benefits entitlements, such as AFDC, means that federal aid to states will not rise as need rises (e.g., in a recession); furthermore, nearly half of the states now have constitutional or statutory spending or revenue limits, which creates a barrier to states increasing program funding when need rises. In fact, state spending on benefits is likely to decrease, since "block granting" also means fewer state match requirements.[20]

The recent welfare devolution is clearly a risky proposition in terms of the well-being of the children of this nation.

Summary of the New Welfare Act

This report should also be viewed within the context of the recently signed Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (referred to throughout this work as the new welfare act). This new law dramatically changes the federal and state fiscal relationship and redefines government commitment to the poor. It ends the decades-old open-ended entitlement to cash assistance for eligible children and their parents, grants states broad authority to fashion their own welfare programs with limited amounts of federal funds, time-limits assistance, and cuts deeply into the Food Stamp Program. The new welfare act permits states to withdraw substantial amounts of their own funds from public benefits programs without penalty from the federal government. Other aspects of the law impose strict work participation requirements for recipients of federal assistance without guaranteeing them child care, limit public benefits to legal immigrants, end the automatic link between receipt of cash assistance and Medicaid enrollment, and constrict eligibility for aid to the aged, blind and disabled. While most provisions of the new welfare act end existing requirements for states, extensive child support provisions increase federal mandates in an effort to increase support enforcement.

It is estimated that more than one million children will be pushed into poverty as a result of the new welfare act, and that many more already in poverty will become even poorer. Specifically, the new welfare act:

- **Ends the open-ended entitlement to cash assistance.** Aid to Families with Dependent Children (AFDC), the cash assistance program previously serving more than four million families with children, is now repealed. Prior law guaranteed assistance to all needy families who met eligibility rules, for as long as they met the rules and needed the help. Federal and state governments shared fiscal responsibility for the program. The new welfare act folds AFDC, along with Emergency Assistance (EA) and the Job Opportunities and Basic Skills (JOBS) Program into a new Temporary Assistance for Needy Families Block Grant (TANF). Federal funding for this block grant is essentially frozen through FY 2002, based on what states spent on these programs in 1994. If need changes in a state, the block grant levels will not change, although under certain circumstances, states could dip into a contingency fund. (Based on experiences from the last recession, this fund would only meet a small fraction of the new need.) The new welfare act also permits states to withdraw up to 25% of their prior state spending on basic income support and work programs.

- **Provides states with broad flexibility over welfare programs.** While all states have to impose time limits and work requirements (see below), states can set their own eligibility and program rules for TANF. They do not have to use the block grant to provide cash, but instead can provide any form of assistance they choose that will aid needy families. States can also transfer

some of their TANF funds to the Child Care and Development Block Grant (CCDBG) or the Social Services Block Grant (SSBG). Nothing in the new welfare act prevents states from establishing their own state-funded welfare programs for whomever they choose.

- **Allows states to continue welfare waiver experiments.** States that received waivers of federal law to conduct state welfare reform demonstrations before the new welfare act became law may continue to operate those programs, even if they conflict with the new legislation. States that asked permission for waivers before the new welfare act was signed can operate those waivers if the federal government approves them before July 1997, but those states must comply with the work requirements in the new welfare act.

- **Limits aid under TANF to five years—or less at state option—regardless of a family's need.** States could exempt up to 20% of their caseload from this limit if those families faced special hardships.

- **Requires states to put low-income parents to work.** States are required to have half of all their adult TANF recipients working by 2002, and 90% of TANF recipients in two-parent families working. All adults would have to work within two years of receiving aid or face penalties, with few exceptions.

- **Eliminates Emergency Assistance.** The Emergency Assistance (EA) program is repealed and funding folded into the TANF block grant. EA funding was previously split by the state and federal governments. The program was used for a wide variety of purposes, from providing one-time grants to families facing evictions, to housing the homeless, to providing services for families in the abuse and neglect system.

- **Cuts the Food Stamp Program.** The new welfare act maintains the federal Food Stamp Program, but revises program rules to reduce future benefit levels across the board and restrict eligibility. The greatest impacts will be felt by legal immigrants, the majority of whom will be ineligible for food stamps, and adults under 50 without dependents, who will face time limits and work requirements.

- **Consolidates federal child care funding.** AFDC Child Care, At-Risk Child Care, and Transitional Child Care have been repealed. Instead, states will receive federal child care funds under a revised Child Care and Development Block Grant (CCDBG). This is the first time that child care will be required to be coordinated under a single state agency. Block grant funds will include some funding that is granted to states without being subject to annual appropriations battles, other funding that Congress can choose to appropriate or not, and a third pool of funding that states can receive if they maintain prior spending levels and put up their own money.

- **Ends the child care guarantee while increasing the need for child care.** While prior law guaranteed child care for families required to work under the AFDC program, the new welfare act does not guarantee child care to anyone. At the same time, with more people required to work, the need for child care will increase. The new welfare act also eliminates provisions of prior law that were designed to ensure that child care reimbursements reflected the market rates.

- **Ends benefits for most legal immigrants.** With limited exceptions, the new welfare act bars legal immigrants from receiving most means-tested federal assistance for at least five years, and for many immigrants, effectively bars their receipt of benefits permanently. Most legal immigrants are prohibited from receiving food stamps or Supplemental Security Income (SSI) for any time at all. Legal immigrants already in this country and receiving aid may have some relief for some time. The new welfare act allows states to prevent both legal and undocumented immigrants from receiving certain state and local benefits, as well.

- **Maintains the current Medicaid program.** The new welfare act does not change Medicaid as it currently exists, but ends the current system of automatically enrolling cash assistance recipients in Medicaid. Instead, people who would have been eligible for Medicaid because they received AFDC would still be eligible for Medicaid, but would have to apply for it separately.

- **Cuts the Social Services Block Grant by 15%.** States may have less ability to use federal funds to compensate for shortfalls in child care or provide aid to families cut off of assistance because the act contains language which significantly reduces funding through the existing block grant known as Title XX. However, in last minute action, Congress restored $120 million of the reduction for FY97. The restored funding is for one year only. States now use this block grant for child care, child welfare services, and a host of other purposes.

- **Restricts SSI for children with disabilities.** The new welfare act changes the definition of disability for children and alters the process for determining whether children are eligible for SSI. This will result in 200,000-300,000 children losing eligibility.

- **Creates new child support enforcement requirements.** States and the federal government are now required to create registries of child support orders and new hires and to take other actions to increase support enforcement. The new welfare act also creates new paternity establishment rules and imposes new requirements on parents receiving aid to provide information to child support authorities.

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CHAPTER ONE:

Photo by: Lloyd Wolf

A Questionable Past, an Uncertain Future: State Investments in Children's Standard of Living

Childhood poverty is the most reliable predictor of a wide range of poor outcomes for kids.[1] Among many other things, children who are born into poor families are more likely to die by their first birthday and are at greater risk for serious health conditions and learning problems. Children who grow up poor are also more likely to drop out of school and are more likely to die by violence. The toll of childhood poverty on the country is as dramatic as the toll it takes on individual lives: for every year that the child poverty level remains as high as it is, the nation loses an estimated $36 to $177 billion in future worker productivity and employment.[2]

Because childhood poverty is a serious threat to the future of children and the nation, ameliorating it should be a top priority for public officials. However, childhood poverty remains a persistent problem in American society, with 21% of children living in poverty in 1995 (defined as an annual income of less than $12,980 for a family of three). This is the highest child poverty rate among 17 developed countries.[3] Children under six and children living with a single mother are even more likely to be poor.[4]

For some children, poverty is a transient thing, lasting from a few months to a year. For far too many, poverty lasts for many years: 10% of all children live in poverty for six or more years before they reach the age of 17, and 5% live in poverty virtually their entire childhoods. Approximately 10% of children, or almost half of all poor children, live in extreme poverty, defined as an income of less than 50% of the poverty level.[5]

The U.S. has the highest child poverty rate among 17 developed countries.

Even before the passage of the new welfare act, states had many options available to them to support the standard of living of poor children, both in terms of state flexibility under federal programs and in decisions regarding state financing for programs that support or supplement the incomes of low-income families. From 1990 to 1995, the period examined in this study, Aid to Families with Dependent Children (AFDC) was by far the most important source of income support for poor families raising children. In an average month in 1995, more than 4.3 million children in the states studied lived in families receiving AFDC. Although AFDC was a national program, states had a large degree of flexibility in designing their programs, resulting in wide variations in state programs and benefit levels. With the implementation of the new welfare act, states now have even more flexibility to design their own public assistance programs.

In addition to making choices about the design of their AFDC programs, states could have taken and still can take other steps to enhance children's standard of living, including implementation of effective child support enforcement programs and state supplementation of the federal earned income tax credit to boost the wages of working poor families.

To assess the status of state efforts to ensure a humane standard of living for children and to establish a baseline against which to measure the future impact of welfare block grants, states were asked to provide information about their AFDC programs, such as average monthly caseload, benefit levels, and total expenditures. In addition, states were asked to provide information on child support enforcement indicators and expenditures, as well as expenditures on job training for AFDC recipients through the Job Opportunities and Basic Skills program (JOBS) and state supplementation of the federal earned income tax credit.

Findings

- States did not adjust their AFDC benefit levels over time. As a result, the standard of living of AFDC families declined as inflation eroded the value of the AFDC grant.
- Many parents in state child support enforcement systems did not have court orders, and most parents who did have orders still did not collect any child support.
- States failed to put up the state match needed to receive all the federal funds available to them to support job training, education, and employment for welfare recipients.
- Most states failed to shore up the standard of living of working poor families with a state earned income credit and only one had established a minimum wage higher than the federal minimum wage.

Discussion of Findings

- States did not adjust their AFDC benefit levels over time. As a result, the standard of living of AFDC families declined as inflation eroded the value of the AFDC grant.

Of the 12 states, nine made no changes to their AFDC benefit levels from 1990 to 1995. Two states—Illinois and West Virginia—slightly increased their grant amounts (in adjusted dollars) in FY94, by $10 and $4 per month respectively, while one, California, decreased its grant levels between 1990 and 1995 by $87. California's cuts were drastic, reducing AFDC benefits by 25% in adjusted dollars. Because benefit levels remained largely the same, the real value of AFDC benefits in all the states studied dropped between 1990 and 1995 as inflation eroded the value of the AFDC grant. The average decline in value between 1990 and 1995 was 16% in adjusted dollars, meaning that the most vulnerable families with children experienced a precipitous decline in their incomes and their purchasing power during this period.

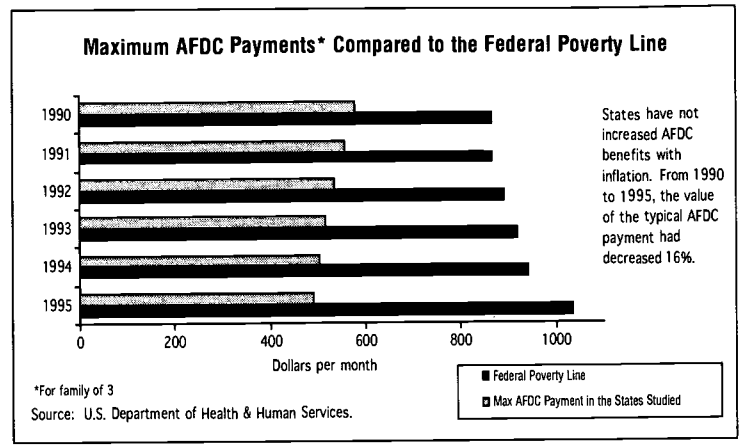

Chart 1-1

As is true nationally, states were starting from very different points, with wide differences in AFDC benefit levels. Kentucky had the lowest AFDC payment in FY95 at $228 per month for a family of three, while California, a high rent state, had the highest at $607 per month. Despite this variation, AFDC benefits in all the states studied left families well below the poverty line. Food stamps narrowed but did not close the gap: when food stamps were figured in, families remained well below the poverty line. Although AFDC is a critical income support for poor children and their families, in the states studied, it represented only an average of 2.8% of general fund spending in 1995, ranging from a high of 6.7% in California to a low of 1.3% in Nebraska and West Virginia.*

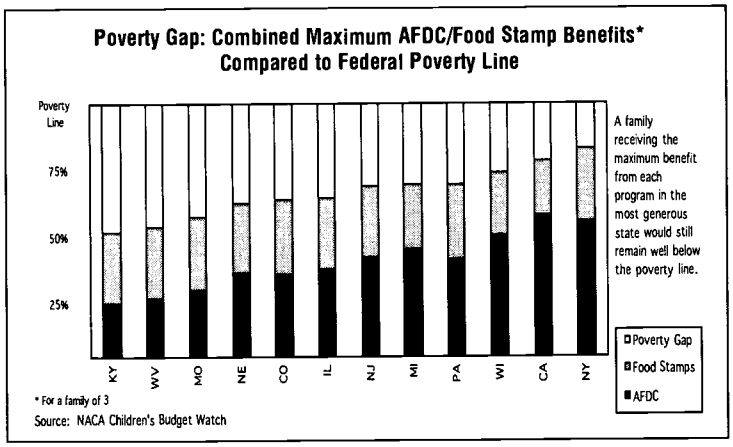

Chart 1-2

AFDC expenditures fluctuated from 1990 to 1995, largely as a result of changing caseloads. In 1990, states spent a total of $13.7 billion in state and federal funds on AFDC benefits. By 1993, this had increased to $14.2 billion. AFDC expenditures began decreasing in 1994 when states spent $14.1 billion and continued to decrease into 1995 when states' spending decreased to $13.8 billion. This pattern reflected changing caseloads as half the states saw caseloads peak in 1993 and then decline in 1994 and 1995. According to many experts, declines in case-

The Costs of Poverty

Children who are poor are twice as likely to die from birth defects, four times more likely to die in fires, five times more likely to die from infectious diseases and parasites, and six times more likely to die from other diseases.

Children who spend their first five years in poverty have IQ scores that are nine points lower than children whose families were never poor.

For every year a child spends living in poverty, the chance that he or she will fall behind in school increases by two percentage points.

Low-income children are twice as likely as middle-income children and eleven times as likely as affluent children to drop out of school.

Source: Sherman, *Wasting America's Future: The Children's Defense Fund Report on the Costs of Child Poverty, 1994.*

loads were linked to improved state economies, rather than to widescale implementation of welfare-to-work programs.

The amount of state funds devoted to AFDC varied among states because of different benefit levels, different caseloads, and different federal match rates for AFDC benefit payments, which ranged from a 74% federal match rate in West Virginia in 1995, to the minimum federal match rate of 50% in California, Illinois, New Jersey, and New York (see Chart D-5, Appendix D). In 1995, states spent $6.4 billion of their own funds on AFDC, while the federal government spent $7.4 billion.

While it is true that expenditures on AFDC directly correlate to investments in children, it is important to remember that, because AFDC was an entitlement program, states were obligated to spend the funds necessary to provide benefits to all eligible applicants. Thus, rising state expenditures for the AFDC program did not necessarily reflect an increased commitment to help needy children. The more important measures of a state's commitment to children receiving AFDC were its need standard and benefit levels. States' need standards were supposed to reflect cost of living and represent the amount of income needed to support families of varying sizes, although generally these need standards were woefully inadequate. States were then free to set their benefit levels at any percentage of the need standard, regardless of whether the resulting benefits were sufficient to ensure a humane standard of living for families receiving public assistance.

- Many parents in state child support enforcement systems did not have court orders, and most parents who did have orders still did not collect any child support.

Child support cooperation and assignment have long been requirements of the AFDC program. Families applying for AFDC must cooperate with state officials in identifying fathers, establishing paternity, and obtaining court orders for child support *(child support cooperation)*. If child support is paid, AFDC families receive only the first $50 dollars of the support paid each month. States use any remaining child support to fund their AFDC programs and offset AFDC benefits to the family *(child support assignment)*. In part because of increased requirements on states under the Family Support Act and partly because of states' increased emphasis on keeping people off public assistance and reducing public assistance caseloads, child support enforcement has become a larger part of state income support programs. In recent years, states have stepped up efforts to collect child support for AFDC recipients and non-AFDC families and have taken other steps to improve child sup-

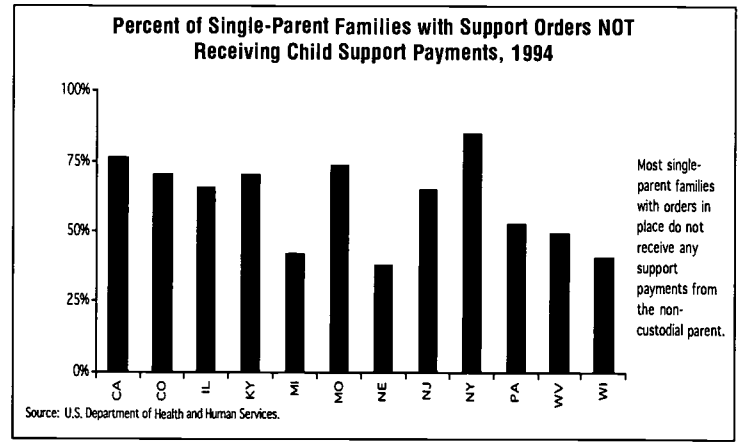

Chart 1-3

port collections, such as the installation of automated information systems, more rigorous application of child support cooperation requirements, and other measures such as increased use of wage withholding, tax refund intercepts, and license revocations.

Nationally, the typical state had a long way to go: in 1989, only 58% of women eligible for child support had a court order and only one-half of these women received payment in full.[6] In the states studied, the percent of parents (both AFDC families and non-AFDC families) in states' child support enforcement systems (IV-D systems) in FY94 who had child support court orders ranged from a high of 73% in Michigan to a low of 43% in California. But, as is true nationally, having a child support order did not guarantee collection of support. On average, in the states studied, 60% of parents in state child support enforcement systems who had court orders did not collect any child support in FY94. New York's performance, where 85% of the parents with court orders failed to receive any support, was the worst, while Nebraska's performance, where 38% of parents with orders failed to collect support, was the best of the group.

On other measures of performance, many of the states studied have done poorly. Thousands of children needed paternity to be established in FY94, ranging from 9,834 in the small state of West Virginia to 351,127 in Illinois.[7] At least two-thirds of these children were in families receiving AFDC. Despite the level of need, seven of the states established fewer paternities through their IV-D in FY94 than FY93, and of those seven states, most experienced a significant IV-D caseload increase, meaning that their paternity establishment rates decreased by even more than the raw numbers would indicate.[8] In addition, none of the states experienced an improvement of more than 5 percentage points from FY93 to FY94 in the number of cases for which the state successfully collected support.[9] And the performance of the state with the 5 percentage point increase, West Virginia, was decidedly mixed: although its collections improved, the number of paternities established declined by a dismal 29% and the percent of cases for which child support orders had been obtained declined by 22%.

An Ounce of Prevention...

Low-income children who received comprehensive preschool services through the Perry Preschool Program were four times more likely to earn an annual salary of over $24,000 by the age of 27 than low-income children who did not participate in the program.

Participation in a comprehensive preschool program such as the Perry Preschool Program reduced future reliance on social services, such as welfare, by 36% among low-income children who participated in the program.

Source: "Significant Benefits: The High/Scope Perry Preschool Study Through Age 27," High Scope Research Foundation.

- States failed to put up the state match needed to receive all the federal funds available to them to support job training, education, and employment for welfare recipients.

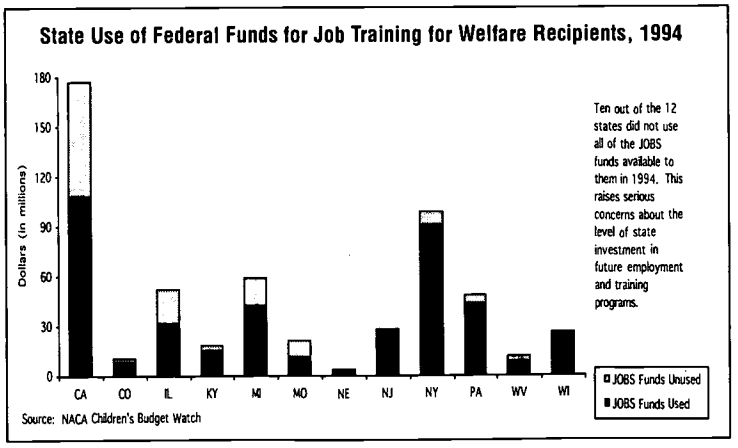

Chart 1-4

One measure of a state's determination to help public assistance recipients make the transition from welfare to work is its financial commitment to the JOBS program. The Family Support Act authorized funding for JOBS to help states provide job training and education to public assistance recipients as a way of reducing time on welfare. States

"Having just participated in an extensive 18-month study of how state capitols work and how to protect children in the state legislative process, I have personally concluded that some basic national guarantees are essential. Without them, children will be the certain losers when state governments divide up a shrinking pot of federal funds."

Republican political consultant John D. Deardourff, *The Washington Post*, June 9, 1996

were required to put a certain percentage of their AFDC recipients into JOBS activities and could receive federal funding if they put up matching state funds.

Over time, annual state allocations under JOBS grew to $1 billion nationwide in FY94 and $554 million for the states studied. Despite the availability of these federal funds and despite state rhetoric about the importance of moving people from welfare to work, 10 of the 12 states failed to put up the state match required to draw down their full allocation in 1994. Overall, states spent only 76% of the JOBS funding available to them. The exceptions were New Jersey and Wisconsin, which both committed the state funds necessary to draw down their full federal allocation. Wisconsin was the only state to use its full allotment of federal JOBS funds in 1991, the first fiscal year of the program.[10]

- Most states failed to shore up the standard of living of working poor families with an earned income credit of their own and only one had established a minimum wage higher than the federal minimum wage.

States can supplement the incomes of poor families through state earned income tax credits. Families may have earnings that make them ineligible for AFDC but that still leave them well below the poverty line. For these families and for other low- and moderate-income families, the federal Earned Income Tax Credit (EIC) can help make ends meet by supplementing their earned income, either at tax time or throughout the year. However, for a family of four with minimum wage income in 1995, wages plus the federal EIC still left the family in poverty. State supplementation of the federal tax credit can further augment the incomes of poor working families and can also make work more attractive than welfare by lifting struggling families above the poverty line.

Of the 12 states studied, only two—New York and Wisconsin—chose to put this support in place for working poor families. Both states' earned income credits eliminate state income tax liability for working poor families and also result in refunds for many families. Although only two states chose to use state funds to augment the incomes of the working poor through a state earned income credit, this is approximately the same proportion of states (16%) as is the case nationwide where only seven states (14%) supplement the federal EIC. It should be noted that, although New Jersey does not provide a state earned income credit, the state did establish a state minimum wage of $5.05 an hour, which was higher than the federal minimum wage of $4.25 an hour in 1995.[11]

Future Trends

The funds available to states for the Temporary Assistance for Needy Families Block Grant will likely prove insufficient during the coming years.

In establishing the Temporary Assistance for Needy Families Block Grant (TANF), the new welfare act removes the federal government's obligation to share the costs of increased public assistance caseloads with states and limits funds to states in several ways. Most importantly, it caps the amount available from the federal

government, regardless of the need in particular states or cost increases because of inflation. In addition, TANF establishes an insufficient contingency fund and places restrictions on accessing it.

When the economic cycle turns, as it inevitably will, and state public assistance caseloads begin to rise again, states may find themselves short of funds for all who need help because, in most cases, federal block grant allocations to states will not be adjusted. Despite this inevitability, states may not plan wisely for the future. For example, the law allows states to withdraw up to 25% of their funds without risking any of their federal block grant allocation, and potentially more if states meet work participation requirements. Because the methodology used to calculate state allocations under TANF means that federal funding to many states for the first year will exceed what it would have been otherwise, states will surely be tempted to withdraw their own funds from the program for use in balancing budgets or funding other competing priorities. There is reason to believe that states may do this: states have in the past responded to increases in federal funds by withdrawing their own funds, as demonstrated by this study's findings on state spending for child care.

Smart Investments: The State Earned Income Credit

Wisconsin's earned income credit—enacted in 1989—is designed to lift the families of workers earning the minimum wage above the official poverty line, thereby ensuring that no family with a full-time wage earner has to live in poverty. Because the poverty level is adjusted for family size, so is Wisconsin's earned income credit, making the state the first in the nation to adjust its credit for the number of children in a family. For a family with three or more children with a parent working at the minimum wage, the Wisconsin credit results in an income supplement equal to approximately 17% of wages. Wisconsin's credit is also refundable. Because most working poor families in Wisconsin have no state income tax liability, this feature of the credit ensures that it reaches those who need it most.

Wisconsin's earned income credit was initially conceived by a bipartisan coalition of women legislators and is now widely supported by officials from both political parties, as well as by state business leaders and others. The credit is viewed as having a range of positive effects: it makes work pay, thereby promoting work over welfare, and it boosts the purchasing power of Wisconsin's families, thereby pumping additional resources into local economies.

Source: Lav and Lazere, *A Hand Up: How State Earned Income Credits Help Working Families Escape Poverty*, 1996 ed., Center on Budget and Policy Priorities, Washington, DC.

Such an approach will be risky because the federal "surplus" doesn't last for long. By the year 2002, the 12 states studied are slated to receive some $968 million less under TANF than they would have under AFDC, Emergency Assistance, and the JOBS program, a gap of 9%.[12] Without the guarantee of federal matching funds, the federal government will not be there to help states during economic downturns when they need it most, and without the individual entitlement under AFDC, states will have no obligation to be there to help poor children and their parents when they need it most. In addition, states' balanced budget requirements are likely to reduce state spending options at the precise time when the need is greatest.

States will have to greatly expand their job training capacity and must improve the effectiveness of training programs to move welfare recipients into the work force within the new time limits.

As our study documents, states have not done all they can to provide job training and education to help move public assistance recipients toward economic self-suf-

The provisions of the new welfare act affecting legal and undocumented immigrants are among the most punitive, as well as the riskiest for states and localities. ...Localities, in particular, have a lot to lose as the financial burden of providing for those who will lose benefits under the new welfare act will largely fall on them.

ficiency. Specifically, states did not avail themselves of federal funding that could help them improve the lives of poor women and children. As a result, the JOBS program served only a small share of the welfare caseload.[13]

The work participation requirements contained in the new welfare act set a much higher standard for states than ever before. States may also find themselves dealing with major new restructuring of job training programs if federal legislation block granting federal employment and training programs is enacted, as some have proposed. States have been experimenting with various approaches to moving public assistance recipients into the work force, but the results of these efforts only highlight the challenges. For example, a review of state training programs targeting economically disadvantaged populations, including AFDC recipients, found that while training and employment programs are effective in increasing the earnings of participants, the increases in earnings are modest and generally not sufficient to lift families out of poverty.[14]

To avoid future crises when significant proportions of state public assistance caseloads begin to hit the time limits contained in the new welfare act, states will need to dramatically improve the capacity and performance of their job training and education programs. They will also have to do this within the constraints of their block grants, which include only the JOBS funds spent by states in the base year chosen to calculate state block grant allocations (generally 1994 or 1995). This will likely prove challenging to states. A recent review of the demonstration waiver programs in five states found that, while state waiver programs were generally successful in moving people from welfare to work, these programs initially cost more to operate, with cost savings occurring down the line.[15] To date, the federal government has shared these up-front costs with states. Now states will need to bear these costs themselves within the constraints of a block grant.

Another concern that states will need to confront is the lack of jobs in some rural and inner city areas. The best job training program cannot help someone living in a community where jobs are simply not available, as is the case in many of the country's most distressed rural and inner city communities, or where public transportation systems are not available to get people to jobs. States will need to take other steps to make employment, transportation, or other supports available to poor families in these areas to prevent widespread homelessness, destitution, and potentially large influxes of children into the child welfare system.

As states implement the new welfare act, effective child support enforcement will be more important than ever.

Without the guarantee of a cash assistance safety net, custodial parents will need child support from absent parents more than ever to help provide for their children in times of need. Sustained child support payments can help raise children's standard of living and can help parents caring for children to attain self-sufficiency even if the only jobs available to them are low-wage or if no jobs are available. As the study shows, state performance in the area of child support enforcement has

been uneven and not nearly good enough to ensure the receipt of child support for struggling families.

State governments are facing both a more rigorous set of child support enforcement standards and requirements and a large number of choices as a result of the new welfare act. Most of the provisions placing new requirements on states are those governing paternity establishment and child support cooperation, but states also face a wide array of choices regarding child support cooperation, enforcement mechanisms, and distribution of support. States will need to formulate policy in many areas, even those now governed largely by federal requirements. For example, states can choose to continue to pass along the first $50 of child support to families or even increase the amount, or they can choose to retain all child support collected as a way of generating revenue for state systems at the expense of poor children and their mothers. States' implementation of the new requirements, and the choices states make, will determine whether child support can in fact become a viable and stable source of income for low-income families.

States with large immigrant populations may feel the negative effects of the new welfare act more quickly than states without large numbers of immigrants.

The provisions of the new welfare act affecting legal and undocumented immigrants are among the most punitive, as well as the riskiest for states and localities. Although there may be some federal action to ameliorate the impact of these provisions, the savings anticipated under the new welfare act come in large measure from cuts in benefits to immigrants and this is not likely to change. Localities, in particular, have a lot to lose as

Smart Investments: The Child Assistance Program

New York State's Child Assistance Program (CAP) is a welfare-to-work, research and demonstration waiver program based on two fundamental principles: both parents should be held responsible for the economic support of children, and a person who works should be better off financially than a person who relies solely on welfare. Currently, participation in CAP is an option for public assistance recipients who can obtain child support orders and who live in 14 participating counties in upstate New York.

This program uses financial incentives, child support assurance, and support services to move public assistance recipients into the work force. Unlike some welfare-to-work programs, CAP participants are allowed to keep a greater percentage of what they earn before losing AFDC benefits, ensuring that parents who work, even at a part-time job, are financially better off than those who don't. Another key to the program's success is its emphasis on support services, including job search assistance, information about education and training programs, and help in securing child care.

The child support assurance approach exemplified by CAP is widely applied in other countries, but is relatively rare in the U.S. Its three interrelated components include: 1) establishing paternity at or near the time of a child's birth; 2) obtaining and enforcing child support orders; and 3) providing a guaranteed amount of child support each month regardless of the amount actually received from the non-custodial parent.

As a research and demonstration program, CAP has been rigorously evaluated and, after two years, was found to be effective in:

- raising clients' average total earnings by 27%;
- significantly increasing a family's chance of having an above-poverty income; and
- increasing the chance of obtaining child support orders by 25%.

Because a primary goal of CAP is to boost families' standard of living before and after they leave public assistance, it did not result in lower assistance payments as quickly as some other employment and training programs. However, CAP costs very little to administer, and therefore, pays for itself more quickly while providing families with immediate income gains from work.

Sources: Roberts, *New York's Child Assistance Program (CAP)*, Center for Law and Social Policy, Washington, DC; and Hamilton, Burstein, Hargreaves, Moss, and Walker, *The New York State Child Assistance Program: Program Impacts, Costs, and Benefits*, Abt Associates, Inc., Cambridge, MA.

the financial burden of providing for those who will lose benefits under the new welfare act will largely fall on them. State and local officials in such states as California, New York, and Texas have already begun to raise an alarm about the impact of the cash assistance, Food Stamps, and Medicaid provisions of the act. States will need to make tough choices about the use of their own funds to expand general assistance programs and other supports to provide assistance to these families.

Despite the steps taken by states, poor families—both public assistance recipients and non-recipients—will continue to face challenges and barriers to economic self-sufficiency.

Many of the societal trends facing the poor will continue to make economic self-sufficiency a difficult proposition for many Americans. Global competition, the loss of low-skill jobs that pay more than a subsistence wage, and the changing nature of the American work place in favor of those with high-tech skills will make it difficult for many to find jobs that pay enough to lift a family out of poverty. In addition, many of the services such as education, vocational training, and child care that are needed by poor families are simply not in place in sufficient quantity in many communities. As a result, many families making the transition from welfare to work may face the prospect of losing health coverage, child care subsidies, and other critical supports and can, at best, look forward to entering the ranks of the working poor. At worst, some families will be unable to provide adequate food, clothing, and shelter for their children, as the loss of critical subsidies and services, coupled with time limits on receipt of cash assistance, leave families in significantly worse shape economically.

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CHAPTER TWO:

Child Care: The Road to Work

The United States is currently in the grips of a second child care revolution. As the Industrial Revolution gathered steam at the end of the last century, and workers left farms for factories, care for children over five years old was both mandated and paid for by government through compulsory schooling laws. More parents were freed to work away from home, and a better educated workforce contributed to a more productive economy. Today, we are in the midst of another great transition in the economy, this one with implications for our youngest children.

The falling value of wages and the increase in single-parent families have pushed many mothers of young children into the workforce; the demand for child care for infants and toddlers has skyrocketed. More than half of women whose youngest child is under the age of one is working. Almost 60% of women whose youngest child is less than three are also working.[1] Experts project that this trend will accelerate in the coming decades and that by 2005, 83% of women between the ages of 25 and 54 will be working, as compared to 75% in 1992.[2] In addition, global competition compels America to ensure not only that its young children are cared for, but that they receive the kind of care that will ensure they are ready to contribute when they enter the work force. How federal, state and local governments choose to respond to this latest child care revolution has implications for families and for the economic security of America well into the twenty-first century.

In recent years, the supply of child care has expanded at a rapid pace in an attempt to meet the demand. The number of licensed child care centers nearly tripled between the mid-seventies and 1990, and the number of children in child care increased fourfold.[3] The cost to parents has also increased and may claim a signif-

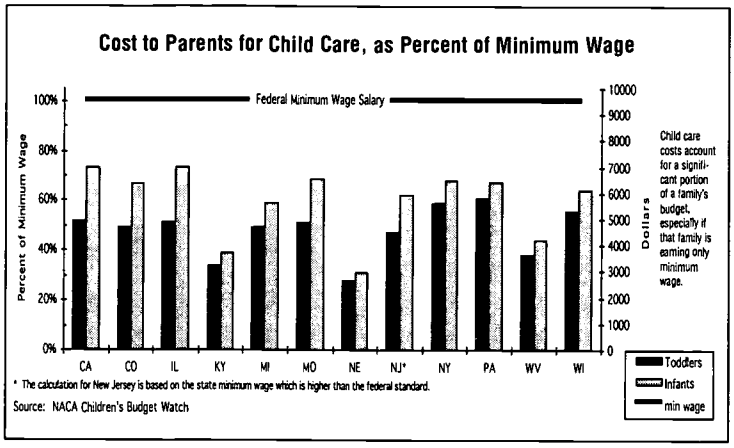

Chart 2-1

icant portion of a parent's paycheck. While low-income families pay less for child care than higher-income families, the strain of the cost of child care is much greater for low-income families as it constitutes a greater proportion of their income. Two studies have shown that child care costs account for between 24% and 31% of a low-income family's budget, but they take up only about 6% of a higher-income family's budget.[4] In the states studied, it was reported that child care for infants was especially expensive—an average of 25% higher than the costs for a preschooler. In nine of the 12 states, infant care can take 60% or more of a parent's paycheck if she or he is working at a minimum wage.

There is wide recognition among the public and policy makers that if parents with young children are to work, they need child care, and if poor parents of young children are to work, especially single mothers, they need subsidies so they can afford child care. In a 1991 Illinois survey of Aid to Families with Dependent Children (AFDC) families, child care fees were the most frequently cited obstacle to obtaining child care. More than 80% reported problems stemming from the high cost of care.[5]

Subsidies are also necessary to enable poor parents to purchase good quality child care. Experts continue to find links between quality child care and healthy child development. Research done at the Perry Preschool Project in 1969 demonstrated that children who had two years in a comprehensive early childhood setting were much less likely to be involved in crime as teens.[6] Recent studies show that brain development during the first six years of life, and particularly the first six months, present windows of opportunity for cognitive growth that will be closed forever after that period.[7] When a child's environment stimulates learning and the development of social and language skills, lifelong benefits result. Child care, therefore, must serve the developmental needs of the child, as well as the needs of the working parent.

Concerns about the availability and quality of child care have led to significant increases in funding at the federal and state level over the last five years and caused the issue of child care to emerge as a key factor during the 1996 welfare debate.

For the purpose of analyzing federal and state child care funding policies in this report, we have distinguished between two populations that receive child care subsidies—the welfare poor and the working poor. The welfare poor are families who received welfare assistance and also received child care subsidies because they were working, or in education or job training programs. The working poor are those families, not on welfare, who were working but whose income was still low enough

to qualify them for child care subsidies in their states. Although eligibility for these families varies in states, we chose 185% of the federal poverty line as an income ceiling for our definition of the working poor.

Since 1988, federal policies have guaranteed child care to welfare families or those who had just come off welfare, though federal funding had to be matched with state funds. (With the new welfare act, the guarantee is no longer in place.) The matching rate varied, with a higher federal proportion being made available to poorer states. The combination of the incentive provided by federal matches and the guarantee to child care for welfare families unquestionably drove the enormous increases found in child care funding for welfare families in the states studied between FY90 and FY95. In FY90, federal expenditures were approximately $301 million for this population, by FY95, $865 million was spent from the federal budget for child care for welfare families.

Child care was not guaranteed to working poor families during the period studied. Although there was also growth in funding for child care for these families, the funding was capped. There were four different sources of funding for child care for the working poor during this period:

Smart Investments: Child Care Subsidies

State policies implemented in November 1993 have resulted in a dramatic increase in the number of welfare families working in Illinois. Prior to that—as had been the case in many states—parents receiving subsidies were required to pay child care costs up front and were reimbursed through their grants the following month. However, poor families lack the budget flexibility to make this arrangement work. In addition, due to federal welfare budgeting rules, welfare families in Illinois who worked more than eight months saw their family's welfare benefits reduced by one dollar for every dollar earned. The lesson learned: welfare families couldn't get ahead by working.

Policy makers and advocates in Illinois who wanted to create better incentives for families to work proposed two new policies that brought about the desired results. First, a federal waiver was adopted that simplifies federal budgeting rules and allows working families to keep two out of every three dollars earned. Second, child care subsidies were made directly to child care providers, reducing the burden on a family's cash flow. Working welfare families can now keep more of the money they earn while still on welfare, with the amount of the grant being reduced gradually until their income exceeds their eligibility for welfare—at about $13,572 a year for a family of three.

Following the change, the number of welfare families working and the number leaving welfare increased markedly. Between 1994 and 1995, the number of welfare families working and receiving child care subsidies more than doubled—from 8,370 families to 18,637. The number of families receiving transitional child care, moving from welfare to work, also rose from 2,844 in 1994 to 5,208 in 1995. The numbers of families leaving welfare increased from 80,863 in 1991 to 107,122 in 1994. In 1995, the number jumped to 120,164. Clearly, state policies that support families make work pay for both families and the state.

Source: Report to the General Assembly, Child Care Programs, FY95, Illinois Department of Public Aid, 1996.

- the At-Risk Child Care program (abolished by the new welfare act) was a federal child care program that required a state match; the funding level was $357 million in FY95 (see Chart D-7, Appendix D for all federal budget figures).

- the Child Care and Development Block Grant, also federal, was funded at $935 million in FY95; the program does not require a state match.

- the Social Services Block Grant (SSBG) is a federal block grant that states can elect to use for child care. SSBG was funded at approximately $448 million for child care in FY95.[8] There is no match required.

- Eight of the states studied had state-funded child care programs which varied in size. These programs are important to families because they compensate for shortcomings in federal programs. As the federal investment in child care grew during this period, state funding made up a relatively smaller share of child care spending.

- Two states, Nebraska and Kentucky, offered tax credits to help offset the cost of child care for parents. These programs offer help to middle income families but, because they are not refundable, provide little relief to poor families.

Expenditure levels on child care through SSBG, state-funded programs and child care tax credits are important indicators of a state's commitment to child care because states *choose* to spend these funds on child care. The other funding, the At-Risk and Child Care and Development Block Grant, *must* be spent on child care.

As more and more parents require quality child care, and as the new welfare act moves greater numbers of poor families off assistance and into the ranks of the working poor, it is critical to understand how federal child care policy played out in the states and how state priorities shaped child care availability. The states studied collected expenditure information covering all subsidy programs, federal and state, and any tax credits for child care. Since the states do not standardize their data with regard to numbers of children/families served, and the cost of child care varies widely among the states, we were not able to analyze service level data. Although imperfect, waiting lists remain the best indicator we have of unmet need.

Findings

- There were marked increases in child care funding in the states, primarily due to the increase in federal funding. Of the 11 states for which we have data,[9] eight at least doubled their spending on child care. The top three—Kentucky, West Virginia, and Illinois—increased their spending fourfold; Michigan and Colorado more than tripled child care spending.

- Although no state fully addressed the need, federal support for child care allowed all states to serve more families. Especially in poorer states which had favorable federal matching rates and low state expenditures, there began to be a closer correlation between funding levels and the increase in need for child care.

- The working poor received disproportionately less in child care subsidies than did welfare families in job training, creating a disincentive for work. While child care funding for the welfare population increased an average of 360% across the states studied between 1990 and 1995, child care funding for the working poor increased by only an average of 40%.

- Most states reduced their funding commitment to working poor families. Nine states either shifted portions of SSBG funds away from child care or allowed inflation to erode funding.

Discussion of Findings

- There were marked increases in child care funding in the states, primarily due to the increase in federal funding. Of the 11 states for which we have data, eight at least doubled their spending on child care. The top three—Kentucky, West Virginia, and Illinois—increased their spending fourfold; Michigan and Colorado more than tripled child care spending.

Between 1990 and 1995, child care spending increased remarkably, an average of 90%, helping scores of poor families to work who otherwise would not have been able to. Of the 11 states for which we have expenditure data, eight at least doubled their spending.

Child Care Spending Trends, 1990-1995 (state and federal, in thousands)

	1990	1995	% change
CA*	$526,820	$688,976	31%
CO	13,847	32,486	135%
IL	68,188	258,818	280%
KY**	11,670	54,865	370%
MI*	38,102	138,912	265%
NE***	15,326	32,118	110%
NJ	57,150	101,824	78%
NY*	176,690	365,865	107%
PA	91,929	197,278	115%
WV	5,216	23,071	342%
WI	32,693	54,918	68%

* does not include child care disregard
** Kentucky's 1990 total does not include tax credit, 1995 does
*** includes a child care tax credit
Source: NACA Children's Budget Watch

Chart 2-2

Federal resources have become a critical foundation for child care assistance for poor families. As demonstrated in Chart 2-3, the rate of increase in the federal share was very high; it drove the increase in spending. Federal spending constituted 33% of child care spending in the states studied in 1990; by 1995, the federal share had grown to 57%. The federal role is especially crucial in poorer states—such as West Virginia, Kentucky, and Nebraska—where that assistance has enabled states to offer its families help beyond what state resources alone would have allowed. Without that federal support, many fewer families would be working today.

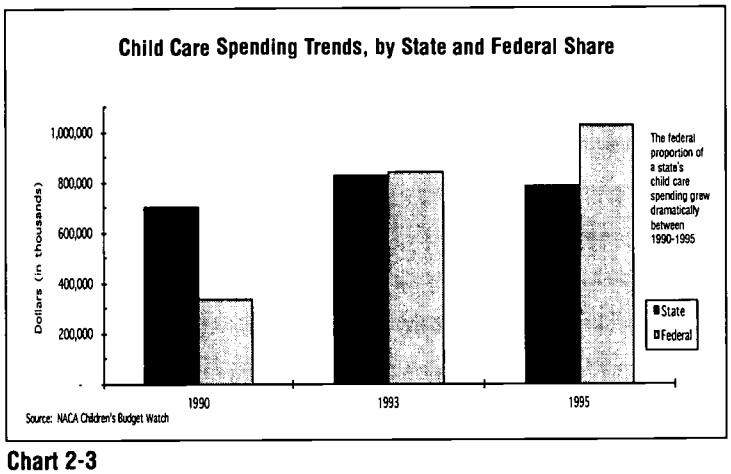

Chart 2-3

- Although no state fully addressed the need, federal support for child care allowed all states to serve more families. Especially in poorer states which had favorable federal matching rates and low state expenditures, there began to be a closer correlation between funding levels and the increase in need for child care.

In spite of long waiting lists, there was some good news. In some states, even taking into consideration increased need, progress was made between 1990 and 1993 toward reaching more families. To create an index to roughly gauge a state's effort against changing need, we used estimates from the federal Department of Agriculture for the numbers of children, birth to age five, whose families were below 185% of poverty in 1990 and 1993, the latest available data. This is roughly the income level for families that are in need of child care subsidies; it is not an indicator of the number of families who actually need care (such a number is beyond the scope of this year's report). We then compared that estimate to the total state spending on child care. The result is a very rough indicator of a state's commitment to meeting the growing child care needs of its families.

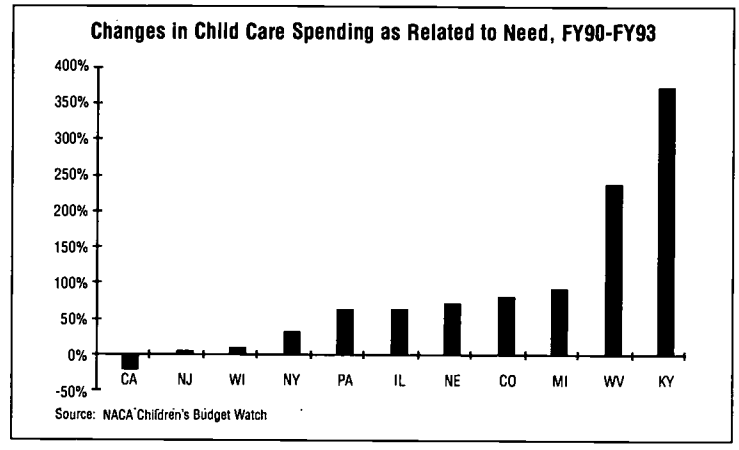

Chart 2-4

In our analysis, we learned that the federal matching rate (see Chart D-5, Appendix D, for state FMAP rates) and the history of expenditures in child care affected spending trends during this period. The states with the highest increase in expenditures when compared to need were those with a higher federal matching rate and historically lower child care expenditures. Kentucky, West Virginia, Michigan, Colorado, and Nebraska fall into this category. States that made relatively weak progress had relatively lower federal matching rates, generally speaking, and historically higher child care expenditures. There were three exceptions to this trend: Illinois, Wisconsin, and California. Illinois has the lowest matching rate, with a history of support for child care, and continues to increase spending to make progress as compared to need. On the other hand, Wisconsin, with a favorable matching rate and historically low spending, lags behind. Finally, California, which also receives the lowest federal matching rate and which has experienced a rapid population influx, is losing ground. In fact, it was the only state with a negative rating.

- The working poor received disproportionately less in child care subsidies than did welfare families in job training, creating a disincentive for work. While child care funding for the welfare population increased an average of 360% across the states studied between 1990 and 1995, child care funding for the working poor increased by only an average of 40%.

Although child care funding increased across the board between FY90-FY95, the welfare population benefitted disproportionately. Welfare child care increased an average of 360% across the states; the comparable figure for the working poor was 40%. Although the total amount of the subsidies for the working poor were greater, the funding levels were inadequate for this population, which was both much larger and generally more readily employable than the welfare population. Thousands of working poor families were squeezed out of the child care subsidy system. Within the 12 states studied, 10 had waiting lists for working poor families for child care.[10] The length of the lists ranged from a high of 24,000 in New Jersey to a "low" of 6,484 in Wisconsin. A 1994 study estimated that California could only meet 14% of the child care needs of its working poor.[11]

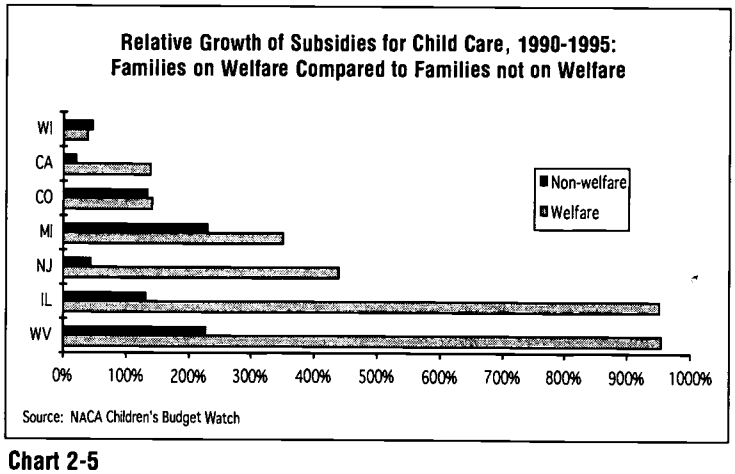

Chart 2-5

Thousands of working poor families were squeezed out of the child care subsidy system.

Of the seven states that had implemented federal child care programs in 1990, and for which we had comparable data, funding for the welfare population increased nearly fourfold between 1990 and 1995. West Virginia had the highest increase—953%; Illinois was second highest with 951%; New Jersey was third with an increase of 437%. Using the same states for comparison, funding for the working poor increased 227% in West Virginia, 131% in Illinois, and 44% in New Jersey over that same period.

The relative difference in increases occurred for a number of reasons. Working welfare families were guaranteed child care. If a welfare family needed child care for work, education or job training, the state was legally required to make the benefit available. Furthermore, saving money by removing a family from welfare due to employment was an incentive for states. Working poor families had no guarantee of assistance. To fund child care for working poor families, states had to rely either on federal funding sources that were capped and could not expand to accommodate demand, or on state funds, including state programs or tax credits. When child care subsidies are unavailable or inadequate for the working poor, not only does it create a disincentive for welfare recipients to move to work, it makes it difficult for the working poor to stay off welfare.

- Most states reduced their funding commitment to working poor families. Nine states either shifted portions of SSBG funds away from child care or allowed inflation to erode funding.

Expectations associated with the federal child care expansions in this period were not met. It was hoped that with the increase in the federal commitment to child care, states would not only put up their requisite state matches, but would increase, or at least maintain, their funding commitment. As a bottom line, it was expected that states would maintain effort by keeping abreast of inflation. However, states did not meet these expectations. The trends in unrestricted spending show that when states had choices, they didn't choose to fund child care. Most states either shifted portions of SSBG funding away from child care or lost ground to inflation. SSBG funding in the states studied that used it for child care in 1990 fell over the five-year period in every state except for West Virginia, which increased it by 50%. In addition, of the nine states with state-funded child care (including child care tax credits), four decreased that funding. Two, Pennsylvania and Colorado, shifted state funds to match federal At-Risk dollars. Nebraska's child care credit declined in value and California discontinued its child care tax credit program during this period.

Trends in Unrestricted Spending for Child Care FY 1990 to FY 1995

	Federal (SSBG)	State
CA	na	-24%
CO*	-11%	-39%
IL	-1%	7%
KY	-23%	122%
MI	-5%	na
NE	na	-8%
NJ	-40%	2%
NY	-16%	8%
PA*	-16%	-38%
WV	50%	na
WI	na	33%

State funds include dependent care tax credits
*shifted state funds to match federal At-Risk dollars.
Source: NACA Children's Budget Watch

Chart 2-6

Future Trends

Welfare families can no longer count on getting child care when they go to work. Furthermore, with pressure on states to meet the strict work requirements in the new welfare act, working poor families may continue to be squeezed out of access to child care. Other populations currently using child care subsidies, such as teen parents and children at risk of abuse or neglect, may also be squeezed out.

During the five-year period studied, the federal guarantee to child care and the assurance of federal funding became the core of support that enabled many more low-income families to work. The changes wrought by the new welfare act could have serious ramifications for these families. Although child care funding is increased, the federal Office of Management and Budget estimates that it will fall short of need by about $2.4 billion. The cap on funding will mean that subsidies will not expand to meet need. When families hit time limits, but cannot get child care subsidies, they will have to make very difficult choices. In addition, states will need to ensure that they don't make decisions that will exacerbate the funding inequities between welfare families and the working poor.

The increased competition for child care subsidies could result in state decisions to decrease the amount of subsidy that goes to each family. Such decisions will restrict parental choice and may result in more children in lower quality child care settings.

States will need to protect parents' ability to choose safe and appropriate child care for their children. In the past, states were required to survey rates of child care providers and to set subsidy levels so parents could choose from a broad array of providers. Under the new welfare act, there is no requirement to do rate surveys; states can choose to lower the amount of subsidy a family gets to below the level at which they can find good quality care for their children. States will also be tempted to lower the amount of the subsidy, and/or increase the share the family must pay to save on scarce child care dollars.

These changes will make it harder for low-income families to find—and pay for—quality child care. When child care is limited, employment opportunity is limited. When child care quality is poor, children are at risk at precisely the time when socialization and brain development are at critical stages.

Pressure to meet the high demand for child care will present opportunities for states to integrate child care with early education programs.

Currently, many young children are enrolled in programs such as Head Start, public preschool, or kindergarten, which only serve children part of a day and part of a year. These programs could serve the needs of working parents and offer extended enrichment for their children if they were integrated with the child care system to provide for a full day, full year of care. States will need to explore such approaches to ensure that in the rush to employ a parent, the interests of children are not overlooked.

An Ounce of Prevention...

The High/Scope Perry Preschool Study of comprehensive preschool services for children in families below poverty found that every $1 invested in the program returned $7.16 to society due to lower costs for remedial education and juvenile justice, and increased future earnings.

Low-income children who received comprehensive preschool services through the Perry Preschool Program were 31% more likely to finish high school than low-income children who did not participate in the program.

Source: "Significant Benefits: The High/Scope Perry Preschool Study Through Age 27," High Scope Research Foundation.

A study in New York found that low-income children receiving child care and other support services cost the justice system, on average, only $186 per child in future costs as juveniles, compared to $1,985 for low-income children not receiving those benefits.

Source: J.R. Lally, et al; "The Syracuse University Family Development Research Program: Long Range Impact of An Early Intervention with Low-Income Children and Their Families," *Parent Education as Early Childhood Intervention: Emerging Directions in Theory, Research, and Practice, 1988.*

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8. This figure represents 16% of the national SSBG funding. A survey of states done by the American Public Welfare Association in 1996 shows that this is the national average of what states spend on child care from that funding stream.

9. We have data for all our states except for Missouri. Missouri was unable to reconcile a discrepancy between federal and state sources of information in time for this report.

10. Children's Defense Fund (CDF), *Waiting Lists for Federally Subsidized Child Care, 1994* (Washington, DC: CDF, April 1995).

11. Ibid.

CHAPTER THREE:

Health Care: Children Continue To Lose Ground

Few would argue with the premise that children should have access to health care when they are sick or when they need health services to reach their full potential. In fact, polls taken at the time of the 1994 elections found that 82% of Americans agreed that providing health care to children should be a priority for the federal government.[1] However, too many children, particularly those who are poor, uninsured, or members of ethnic and racial minority groups, lack access to adequate health care and suffer the consequences in terms of poorer health status.[2]

The overall health status of children in America shows that we have a long way to go toward meeting the health care needs of children. The United States still ranks 26th among industrialized nations in infant mortality, and we still fail to adequately immunize one-quarter of the country's children by age two.[3] In addition, the number of children without health insurance of any kind is large—approximately 14% of all children—with the number growing each year.[4]

States receive substantial assistance from the federal government in meeting the health care needs of their youngest residents. This assistance comes primarily in the form of federal reimbursement for at least half of state Medicaid costs, although the federal government also provides funds under the Maternal and Child Health (MCH) Block Grant and assistance through a range of other health and health-related federal funding streams. In their Medicaid programs and their MCH Block Grant programs, the two federally-funded programs examined in our study, states have a large degree of flexibility in designing their programs. The states studied have taken advantage of this flexibility, as demonstrated by wide variations in state Medicaid eligibility policies for children and the degree of state support for state programs funded under the MCH Block Grant.

The U.S. still ranks 26th among industrialized nations in infant mortality.

Although the public's faith in the efficacy of government programs is at a low ebb, the fact is that public investments in these programs and in children's health care do yield substantial dividends. Expansions in Medicaid eligibility for pregnant women and infants since 1989 have increased women's access to prenatal care and increased the chances that babies will be born healthy. Similarly, Medicaid expansions for children have provided health coverage for millions of children nationwide, thereby ensuring that these children have access to the health care they need to thrive and grow. At the same time, the investments of some states in publicly-financed children's health insurance programs have made health care accessible to hundreds of thousands of children across the country.

Despite the proven benefits of public investments in children's health, the commitment of public officials to improving children's access to health care in the future is uncertain. The major federal funding streams supporting health services to children are threatened by a current climate in the nation's capital that places a higher value on budget cuts than on the well-being of children. In addition, continuing fiscal pressures at the state level may force states to make difficult choices about the use of public funds. The risks posed by funding cuts are high: Medicaid and other federal funds for health services currently support a wide range of programs for the country's most vulnerable children and cuts in these federal funding streams would have widespread ramifications for children's service systems and the capacity of states and localities to meet children's health care needs.

To assess the status—and future—of public investments in children's health care, the states studied were asked to provide information on state Medicaid programs, including the numbers of children enrolled, as well as federal and state spending on Medicaid. States were also asked to provide data on state-financed children's health insurance programs and expenditures on maternal and child health programs funded under the MCH Block Grant.

Findings

- Despite Medicaid expansions across states and implementation of children's health insurance programs in some states, no state has done all it could to provide health insurance to uninsured children.

- From 1990 to 1994, the number of children receiving their health care through Medicaid increased by 34.5% to almost one in four children by 1994. As would be expected, because of increased enrollment and overall health care cost inflation, spending on Medicaid services for children also increased from 1990 to 1994, although Medicaid spending on children still accounted for only about one-fifth of all spending on Medicaid.

- Many children did not receive the full benefit of Medicaid coverage, with only 40% of children receiving adequate preventive care under the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT), which covers physical, vision, hearing and dental examinations among other preventive services.

- As states enrolled greater numbers of Medicaid beneficiaries into managed care, information on the numbers of children served in Medicaid managed care settings was not readily available in the states.
- Half of the states had state-financed children's health insurance programs, but the scope of these programs varied widely with no state enrolling more than 2% of its children in these programs.
- Federal and state expenditures on Maternal and Child Health Block Grant programs increased substantially from 1990 to 1995, as the federal appropriation increased from $550 million in 1990 to $581 million in 1995.

An Ounce of Prevention...

Poor children insured by Medicaid are much more likely to receive timely routine health care, with approximately 84% of poor children enrolled in Medicaid receiving such care versus 69% of poor children not enrolled in Medicaid.

Source: St. Peter, Newacheck, and Halfon, "Access to Care for Poor Children: Separate and Unequal," *Journal of the American Medical Association*, vol. 267, no. 20, 1992.

Discussion of Findings

- Despite Medicaid expansions across states and implementation of children's health insurance programs in some states, no state has done all it could to provide health insurance to uninsured children.

Although federal and state expansions in Medicaid eligibility for children have increased the numbers of children insured through Medicaid, large numbers of children remain uninsured in the states studied. In the 12 states, over 3.7 million children or 11.1% were uninsured in 1993.[5] Despite the magnitude and seriousness of this continuing problem, states have not responded as vigorously as they could to ensure access to health insurance for all children.

For example, no state has maximized Medicaid coverage for children, and the majority have not gone beyond statutory minimums for children over one year of age. In the late 1980s and early 1990s, changes in federal Medicaid law "de-linked" Medicaid eligibility for children and pregnant women from states' Aid to Families with Dependent Children (AFDC) standards, with some expansions in coverage mandatory for states and others available at state option. Currently, states are required to cover pregnant women and children up to age six with incomes up to 133% of the poverty level, but may choose to cover these populations up to 185% of poverty. Similarly, states are required to cover children up to age 13 from families with incomes up to 100% of poverty. States may choose to take other steps to expand Medicaid coverage to additional children, such as using more liberal income and asset standards to determine eligibility for pregnant women and children, covering children older than 13, or requesting federal waivers to expand Medicaid eligibility.

Because of the importance of adequate prenatal and infant care in ensuring that children are born healthy and stay healthy, 10 of the 12 states expanded coverage beyond federally mandated levels for pregnant women and infants, with seven states expanding Medicaid eligibility for these populations to 185% of the federal poverty level, and one state, California, expanding Medicaid eligibility for pregnant women and infants up to 200% of the poverty level.[6] However, states were not as aggressive in expanding Medicaid eligibility for children over the age of one. Only five of the 12 states expanded Medicaid eligibility for children over age one beyond statutory minimums, and none of these five states had maximized Medicaid cover-

Have States Done All They Can To Ensure Access to Health Insurance for Children?
(as of state fiscal year 1995)

	Did the state expand Medicaid Eligibility:								Does the state have a publicly-financed children's health insurance program?
	For infants and pregnant women:		For children up to age 6:		For children over age 6:			By implementing a Section 1115 waiver?	
	more than required?	as much as possible?	more than required?	as much as possible?	more than required (income)?	more than required (age)?	as much as possible (age)?		
CA	✓	✓				✓	✓		✓
CO									✓
IL									
KY	✓	✓				✓	✓		
MI	✓	✓	✓		✓	✓			✓
MO	✓	✓				✓	✓		
NE	✓								✓
NJ	✓	✓							
NY	✓	✓							✓
PA	✓	✓							✓
WV	✓					✓	✓		
WI	✓	✓	✓	✓					

Source: NACA Children's Budget Watch

Chart 3-1

age for all child populations by fully exercising options available to them under federal statute.

States have other measures available to them to maximize Medicaid coverage for children, including the implementation of Section 1115 research and demonstration waiver programs, which some states have used to expand Medicaid eligibility to previously ineligible groups. Of the 12 states studied, none had implemented a Section 1115 waiver program to expand Medicaid eligibility as of 1995. States can also use their own funds to provide state-financed health insurance for children, but only half of the states in this study had implemented a state-financed children's health insurance program.

Across states, the cost of covering children, either through the Medicaid program or through state-financed children's health insurance programs is substantially less than the cost of covering adults. In 1993, the annual cost of providing acute care services for children through Medicaid averaged about $980 across the states.[7] This was approximately 44% less than the cost of $1,750 for adults, 41% less than the cost of $1,680 for elderly beneficiaries, and 79% less than the cost of $4,790 for blind and disabled beneficiaries. State experience with state-financed children's health insurance programs also demonstrates that health care coverage for children is relatively inexpensive: monthly premiums for children covered by these programs averaged $74 in 1994 across the six states with these programs, although

four of the programs did not cover hospitalization and no program covered all of the services available to children under Medicaid.[8] Because health insurance for children is inexpensive, states could, with a relatively modest commitment of funds, take steps to provide some health insurance coverage to uninsured children but they have chosen not to do so.

- From 1990 to 1994, the number of children receiving their health care through Medicaid increased by 34.5% to almost one in four children by 1994. As would be expected, because of increased enrollment and overall health care cost inflation, spending on Medicaid services for children also increased from 1990 to 1994, although Medicaid spending on children still accounted for only about one-fifth of all spending on Medicaid.

From 1990 to 1994, the number of children receiving health care services covered by Medicaid in the 12 states increased from approximately 5,960,000 to 8,010,000, an increase of 34.5 percent.[9] The increases in the enrollment of children into Medicaid in states—and the accompanying increases in Medicaid spending on children—resulted partly from federally mandated changes in state Medicaid eligibility requirements for children and partly from optional eligibility expansions that states chose to make.

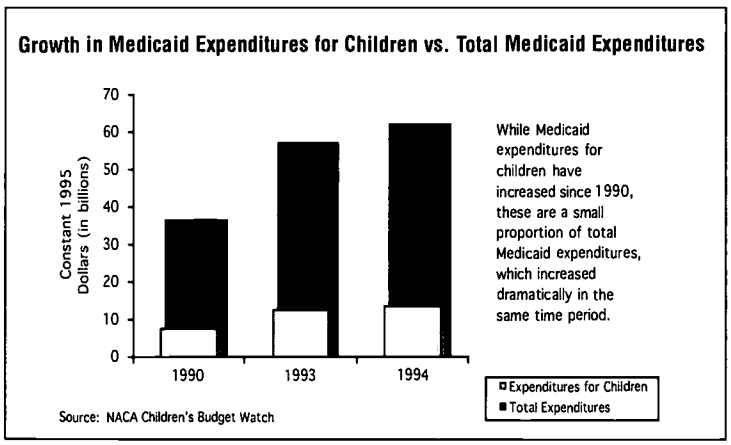

Chart 3-2

Similar to the experience of states nationwide, the states studied experienced growth in total Medicaid expenditures from 1990 to 1994, although the rate of increase varied widely. Across states, overall Medicaid expenditures (including federal and state funds) grew an average of 69.7% from 1990 to 1994.[10] The fastest growth occurred in West Virginia which experienced a 165% growth in Medicaid spending. In contrast, Medicaid expenditures increased by only 29% in Michigan, the slowest growth across states. The amount of state funds devoted to Medicaid varied among states because of different federal match rates for Medicaid services, which ranged from a 73.26% federal match rate in West Virginia in 1995, to the minimum federal match rate of 50% in California, Illinois, New Jersey, and New York.

During the same period, Medicaid spending on children (federal and state funds) increased by 81%, a higher rate of increase than that seen in overall Medicaid spending. However, it is important to note that, in 1994, spending on children accounted for only 22% of total Medicaid expenditures, roughly the same percentage as in 1990 (20%), even though children accounted for 53% of Medicaid recipients in 1994.[11]

By 1994, state spending on Medicaid accounted for 15% of state general fund expenditures, up from 10.5% in 1990.[12] In 1990, this ranged from a low of 6% in

An Ounce of Prevention...

Immunizations are dramatically cost-effective, with an estimated $10 to $14 in savings on health care costs for every $1 spent on immunizations.

Source: "Report on Children Action Network," *American Academy of Pediatrics News*, 1991.

In 1992, EPSDT screening services cost an average of only $104 a year per child served, but studies of EPSDT's effectiveness have found that the provision of services to children results in improved health, lower rates of hospital admission, and substantial reductions in abnormalities.

Source: Perkins and Zinn, *Toward a Healthy Future: Early and Periodic Screening, Diagnosis, and Treatment for Poor Children*, National Health Law Program, Washington, DC, 1995.

An Ounce of Prevention...

Pregnant women insured by Medicaid start prenatal care earlier than uninsured women and receive more care than the uninsured.

Source: U.S. General Accounting Office, *Prenatal Care: Medicaid Recipients and Uninsured Women Obtain Insufficient Care*, Washington, DC, 1987.

Every $1 cut in the Medicaid comprehensive prenatal care program may cost as much as $2 spent in an infant's first year of life.

Source: Korenbrot, *Comprehensive Prenatal Care as a Medical Benefit: Expected Costs and Savings*, University of California, San Francisco, 1984.

One dollar spent on prenatal care can save $3.38 in the cost of care for low birthweight babies.

Source: U.S. House of Representatives, Select Committee on Children, Youth, and Families, *Opportunities for Success: Cost-Effective Programs for Children*, Washington, DC, 1990.

West Virginia to a high of 15% in Michigan. By 1994, the percentages had increased in all states but one (Missouri), with Missouri experiencing a small decrease and spending the lowest proportion of its general fund, 6%, on Medicaid and New York spending the highest, at 19%.

- Many children do not receive the full benefit of Medicaid coverage, with only 40% of children receiving adequate preventive care under the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT), which covers physical, vision, hearing and dental examinations among other preventive services.

Even when children have health care coverage through Medicaid, access to adequate preventive care remains problematic. The Medicaid program recognizes the importance of preventive care for children in its Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT). EPSDT is a comprehensive program within Medicaid designed to promote child health by ensuring that children enrolled in Medicaid have access to regular screening examinations and any medically necessary follow-up care. EPSDT's initial and periodic screening requirements begin at birth and extend through age 21 for Medicaid-eligible children.

In 1993, the states studied provided EPSDT services to only 41% of eligible children.[13] Although this was slightly better than the performance of states nationwide, which averaged 39% of children screened, no state except Colorado made the interim progress necessary to bring its performance up to the national target of 80% of children screened by 1995. EPSDT participant ratios in 1993 ranged widely among states, from a low of 7% in Kentucky to a high of 85% in Colorado.

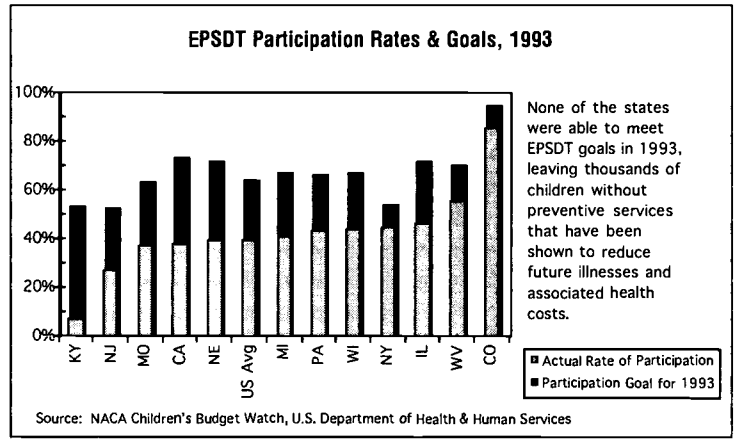

Chart 3-3

- As states enrolled greater numbers of Medicaid beneficiaries into managed care, information on the numbers of children served in Medicaid managed care settings was not readily available in all states.

As with most states across the country, the states studied are enrolling many Medicaid recipients into managed care plans. Although the driving force behind state governments' increasing reliance on managed care in their Medicaid programs is the pursuit of cost savings, most states begin their Medicaid managed care programs by enrolling the women and children in their AFDC populations, rather than higher-cost populations such as dual eligibles (those eligible for both Medicaid and Medicare) or Supplemental Security Income (SSI) recipients.

Despite the potential implications of this profound change in state Medicaid programs, information on children served in Medicaid managed care settings was not readily available in all states. Only eight of the 12 states were able to provide data on the percent of children enrolled in Medicaid managed care, with this figure ranging from 43.5% of children receiving Medicaid in Wisconsin to 14% of children receiving Medicaid in California. Only one, Wisconsin, supplied any data on the services received by children enrolled in Medicaid managed care programs.

- Half of the states had state-financed children's health insurance programs, but the scope of these programs varied widely with no state enrolling more than 2% of its children in these programs.

Half of the states studied augmented mandatory and optional Medicaid eligibility expansions for children with implementation of state-financed children's health insurance programs for non-Medicaid eligible children, with two states implementing both a state-financed children's health insurance program and optional Medicaid eligibility expansions for children over the age of one. The scope of the state-financed children's health insurance programs varied widely across states. For example, New York's Child Health Plus program enrolled over 100,000 children or almost 2% of the state's children in 1995, while Nebraska's program enrolled only 245 children or less than 0.05% of the children in that state. These programs are primarily funded by taxes on tobacco products or by funds from indigent care pools set up to reimburse hospitals for care provided to uninsured patients who cannot pay for their care.

- Federal and state expenditures on Maternal and Child Health Block Grant programs increased substantially from 1990 to 1995, as the federal appropriation increased from $550 million in 1990 to $581 million in 1995.

While states' commitment to insuring children through the expansion of

Smart Investments: The Children's Health Insurance Program

Pennsylvania's Children's Health Insurance Program (CHIP) has helped thousands of the state's families secure health care for their children by making health insurance available free or at low cost to uninsured children not eligible for Medicaid.

The state-financed program uses managed care arrangements to provide children with a comprehensive benefit package that covers: primary and preventive care; specialty care; emergency services; inpatient care; dental, vision, and hearing care; mental health services; and prescription drug coverage. CHIP coverage is available free to children up to age 16 from families with incomes below 185% of the federal poverty level. For children under age 6 from families with incomes between 185% and 235% of poverty, CHIP subsidizes 50% of the premium costs. CHIP coverage costs Pennsylvania approximately $44 to $56 per child per month, with the costs varying depending on where a child lives. Since the program began in 1993, costs per child have actually decreased as insurers gain actual payout experience. The program is funded by a state cigarette tax of two cents per pack.

Since 1993, CHIP enrollment has steadily increased from some 29,000 children that first year to approximately 49,000 children by 1995. Of these, 47,000 received free CHIP coverage, with an additional 2,000 children receiving subsidized coverage.

The program has been successful in significantly reducing the numbers of uninsured children in Pennsylvania: from 1993 to 1995, the number of uninsured children ages 0-17 and between 100% and 200% of the federal poverty level decreased by 26%. As a result of its success, the program enjoys bipartisan support among state officials. An additional $5 million was allocated to CHIP in the state budget for FY96-97, enabling enrollment to increase to 51,000 children.

Sources: Uninsured Children in Pennsylvania: Progress and Problems and The Children's Health Insurance Program: CHIP, Pennsylvania Partnerships for Children, Harrisburg, PA.

Medicaid eligibility and the implementation of state-financed children's health insurance programs was disappointing, the findings on state investments in maternal and child health services under the MCH Block Grant were more encouraging. States use their MCH Block Grant funds to support a wide range of critical health services, such as outreach services for pregnant women, infant screening, health care for children with special health needs, and adolescent pregnancy prevention services. As noted, state spending on maternal and child health programs increased as the federal appropriation for the Block Grant increased from 1990 to 1995. In many states, the increase in state spending was no doubt driven by the lure of increased federal funds, with larger federal allocations requiring states to put up larger matches. Notably, however, over half of the states provided over 50% of the funds spent on maternal and child health programs, significantly higher than the required match of 42.85%, with three states providing 60% or more of funding for maternal and child health services.[14]

Future Trends

The number of children without health insurance is increasing, and there is little indication that states will respond by expanding Medicaid coverage for children.

The expansions in Medicaid eligibility for children and resulting increases in enrollment of children into Medicaid from 1990 to 1994 helped ameliorate a loss of private health insurance among children, particularly for younger children who were the targets of the mandatory Medicaid expansions. However, Medicaid eligibility expansions for children have not been sufficient to keep the total number of uninsured children from rising. An erosion of employer-sponsored health insurance is the primary factor driving the increase in the number of children without health insurance, and there is little indication that this trend is likely to be reversed in the near future. In addition, while states will continue the phase-in of Medicaid eligibility for poor children born after September 30, 1983, there is little indication that states will implement major optional expansions in Medicaid eligibility to accelerate coverage for older children or to cover children from families with higher incomes. Instead, state attention has now largely turned to cost containment through the implementation of Medicaid managed care. Although some states implementing Medicaid reform through Section 1115 waivers have proposed or implemented eligibility expansions as part of these waivers, state fiscal pressures make such expansions increasingly difficult for states.

As an alternative to expansions in Medicaid eligibility for children, there is increasing interest in publicly-financed health insurance programs for children.

In recognition that continued expansions of Medicaid eligibility for children may be unlikely, child advocates and state officials are increasingly looking to publicly-financed children's health insurance programs as a way to provide health insurance to uninsured children. Even with the federal financial participation available to

states under Medicaid, state-financed children's health insurance programs are sometimes more attractive to states because expenditures are more directly under the control of states. Because such programs are not entitlements like Medicaid, states have a variety of options for controlling costs that are not available in state Medicaid programs. For example, states can control costs by capping total appropriations for the programs, capping enrollment, or limiting benefit packages. Although these programs can be valuable adjuncts to state Medicaid programs, the coverage limitations common to these programs can prove problematic for some children. In addition, to date only one state in the country, Massachusetts, has made a commitment to cover all uninsured children through a combination of Medicaid eligibility and state-financed health insurance programs.

To date only one state in the country, Massachusetts, has made a commitment to cover all uninsured children through a combination of Medicaid eligibility and state-financed health insurance programs.

The impact of the new welfare act on enrollment of children into Medicaid is uncertain.

Although the new welfare act largely maintained the status quo with respect to Medicaid eligibility for poor women and children, legal immigrant children and some children losing SSI eligibility may lose Medicaid coverage as a result. In addition, state changes to public assistance programs may result in fewer children enrolling in Medicaid, even though states are required to maintain Medicaid coverage for children who would have been eligible for AFDC under July 1996 rules. Ensuring that poor families are aware of their right to Medicaid coverage may require changes in outreach activities, as well as vigilance on the part of advocates to ensure that families are not denied coverage to which they are entitled.

The movement of Medicaid populations into managed care is continuing and, in many states, is accelerating without readily available information on what is happening to children in managed care settings or, in some cases, even how many children are enrolled.

As states move more of their Medicaid beneficiaries into managed care, an emerging area of concern is the lack of adequate data on the quality of the care provided to children in managed care settings. This study confirmed that some states are unable to provide even the most rudimentary data on children enrolled in Medicaid managed care plans. This calls into question states' ability to adequately monitor their managed care contractors, as well as states' commitment to putting in place sufficient safeguards for children. The lack of adequate data and monitoring capacity will become even more important in the future as states start to apply managed care principles to behavioral health services such as mental health and substance abuse services, as well as to other children's services such as child welfare.

Endnotes

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2. National Center for Children in Poverty, *Five Million Children: A Statistical Profile of Our Poorest Young Citizens* (New York, NY: Columbia University School of Public Health, 1990); P.W. Newacheck, D.C. Hughes, and J.J. Stoddard, "Children's Access to Primary Care: Differences by Race, Income, and Insurance Status," *Pediatrics*, no. 97, (1996): 26-32; and Children's Defense Fund, *The Health of America's Children, 1992: Maternal and Child Health Data Book* (Washington, DC: CDF, 1992), 17-18.

3. Annie E. Casey Foundation, *Kids Count Data Book: State Profiles of Child Well-Being, 1996* (Baltimore, MD: Annie E. Casey Foundation, 1996), 20.

4. U.S. General Accounting Office (GAO), *Health Insurance for Children: Private Insurance Coverage Continues to Deteriorate* (Washington, DC: U.S. GAO, 1996), GAO/HEHS-96-129, 2.

5. U.S. GAO, *Health Insurance for Children: Many Remain Uninsured Despite Medicaid Expansion* (Washington, DC: U.S. GAO, 1995), GAO/HEHS-95-175, 37-38.

6. National Governors' Association (NGA), *MCH Update: March 15, 1996* (Washington, DC: NGA, 1996), Table 1.

7. D. Liska, K. Obermaier, B. Lyons, and P. Long, *Medicaid Expenditures and Beneficiaries: National and State Profiles and Trends, 1984-1993* (Washington, DC: Kaiser Commission on the Future of Medicaid, 1995), 61.

8. Information on state-financed children's health insurance programs is from the National Governors' Association's *StateLine: Innovative State Health Initiatives for Children* (Washington, DC: NGA, July 21, 1995), Table 3. Where the NGA report indicates a range of costs in a state's children's health insurance program (e.g., because of regional variations in cost), the higher number was used to calculate the average monthly premium. If the lower numbers had been used across states, the average monthly premium would be $47.

9. B.K. Yudkowsky and S.S. Tang, *Medicaid State Reports—FY 1994* (Elk Grove Village, IL: American Academy of Pediatrics, 1996).

10. For most states, data supplied by NACA member organizations were used for total Medicaid expenditures and Medicaid expenditures on children, but in some states, data were either missing or could not be reconciled with data from national sources. In these states, data supplied by NACA member organizations were supplemented with data from the American Academy of Pediatrics, the Kaiser Commission on the Future of Medicaid, or the Urban Institute. See Appendix A for data sources for specific states.

11. Yudkowsky, *Medicaid State Reports*.

12. Sources: 1) National Association of State Budget Officers (NASBO), *1992 State Expenditure Report* (Washington, DC: NASBO, 1992), 8 and 75; 2) NASBO, *1995 State Expenditure Report* (Washington, DC: NASBO, 1995), 9 and 93.

13. U.S. Health Care Financing Administration (HCFA), *EPSDT Program Indicators Fiscal Year 1993: HCFA-416 Performance Reports Early and Periodic Screening, Diagnostic, and Treatment Program: 50 States and District of Columbia: 1995* (Washington, DC: HCFA, 1995), 12-21.

14. Information on MCH Block Grant spending in some of the states studied was supplied by the Association of Maternal and Child Health Programs, Washington, DC, or by the U.S. Department of Health and Human Services Region VII Office. See Appendix A for data sources for specific states.

CHAPTER FOUR:

The Ultimate Failure: The Inability of States To Protect Vulnerable Children

Child welfare systems in all states are under siege. During the last 20 years, a major shift has occurred in states confronting and responding to child neglect and abuse. According to a 1994 national report by the National Center on Child Abuse and Neglect, there were 10 reports of child abuse or neglect per 1,000 children in the United States in 1976; that figure had increased to 42 reports per 1,000 children by 1992.[1] In August 1990, the U.S. Advisory Board on Child Abuse and Neglect concluded that child abuse and neglect in our country represented a national emergency and a moral disaster. Five years later, the Board charged that the nation's child protection system had largely failed to protect the nation's children.[2] These statistics may only reflect the "tip of the iceberg." A 1995 Gallup poll of parents indicates that incidents of physical abuse were 16 times higher than the number of reports officially recorded, and incidents of sexual abuse were 10 times higher than the number of reports.[3]

Escalating numbers of child abuse or neglect cases have overwhelmed foster care and adoption systems. Despite a 1980 law that discouraged the use of foster care and provided incentives to states to provide family support services instead, by 1993, an estimated 450,000 children were in foster care in the United States, more than at any other time in two decades. This represents a 66% increase in the foster care caseload since 1983.[4]

Not only are there more children in need of intervention for their protection, but these children have greater needs than in past years. Children in foster care are increasingly poor, minority and younger.[5] Greater family strains—deepening poverty, especially among young families, rising homelessness, increasing domestic violence, maternal substance abuse, and imprisonment—have taken their toll.[6] In 1993,

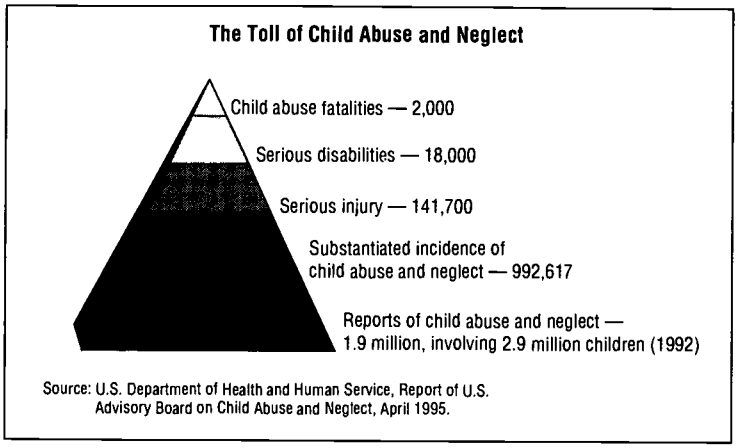

Chart 4-1

about half of all children in foster care came from families on welfare. Between 1986 and 1991, as a result of the crack epidemic, the proportion of foster children at risk of serious health problems due to prenatal drug exposure more than doubled.[7]

Children with such urgent needs require an array of community-based services and a level of care not required in the past. A child's life may be permanently changed by the way in which these programs succeed or fail. For example, if adequately funded and effective child abuse prevention services are available, a family at risk for child abuse or neglect may receive the support necessary to avoid child abuse or neglect entirely. If a child has been abused or neglected, adequate and appropriate child welfare services may enable a family to overcome destructive patterns and to provide a safe and healthy environment for that child in the future. Where a child cannot safely remain in the home, good foster care or adoption programs can provide a child with an alternative setting. And, finally, for children who can't return to their biological homes, pre-adoption and post-adoption services are necessary to assure that they receive the permanent homes they deserve.

Federal, State and Local Funding

The majority of child welfare funding comes from state or local sources. Rising caseloads and the fact that the children themselves have greater needs than in the past increase the importance of federal funds. This is especially true in the area of foster care; federal funding makes up an average of 35% of foster care expenditures in all states.[8]

The major federal funding stream for child welfare, Title IV-E, guaranteed funding for foster care for children in welfare families, as well as funding for adoption services and the independent living program for adolescents. Federal funding amounted to approximately $3.6 billion in FY95 (see Chart D-7, Appendix D for federal budget figures). Funding for Title IV-E foster care services is especially important to the states because it is open-ended, that is, it can expand to meet need. The federal share is matched with state funds at rates favoring low per-capita income states. In other words, a relatively richer state may spend one dollar for every federal dollar, but a poorer state may receive as much as three federal dollars for every dollar it spends (see Chart D-5, Appendix D for state FMAP rates). Between 1990 and 1995, Title IV-E funding rose 109% nationwide.

There are two additional sources of federal funding for child welfare services: Title IV-B and the Social Services Block Grant (SSBG). Title IV-B consists of two parts. Part I may be used for child welfare services, training, and research and demon-

stration projects. Federal funds constitute 75% of Part I funding and require a 25% state match. Part II funding is for state assessment and planning for family preservation and support programs. All the Title IV-B funding is determined by a fixed formula and does not expand according to need. There is significantly less funding for Title IV-B programs than for Title IV-E programs. In 1995, federal funding for Title IV-B was $442 million; it had increased by 50% between 1990 and 1995. Portions of SSBG are used by 46 states to fund child welfare services, including child protective services, foster care, and child abuse prevention.[9] Before SSBG was converted to a block grant early in the Reagan administration, a state match was required, but state matching funds are no longer required. Like Title IV-B, SSBG funding is capped. In FY95, the federal total for SSBG was $2.8 billion; states allocated anywhere from 85% to 15% of their grant to child welfare services.[10] Funding for SSBG decreased by 13% between 1990-1995; in FY96, funding was cut another 17%.

"In the twenty-two years I've been working with kids, I have never seen children as disturbed as they are now."

Quote from a social worker in the child welfare agency in Kentucky, taken from *Where the Rubber Meets the Road,* a report by Kentucky Youth Advocates, August, 1995

There is also a relatively small amount of federal child welfare funding available through the Child Abuse and Prevention Treatment Act, CAPTA. The FY95 funding level was approximately $80 million, considerably less than the other funding sources mentioned. CAPTA funding provides for research, training, technical assistance, and dissemination of information in the area of child protective services at both the federal and state level.

Guaranteed funding through Title IV-E ensures that foster care will always be available for welfare families, who make up the bulk of the foster care population, but proportionately less federal funding is available for child protective services. Many states have had to increase state funding in order to keep abreast of increasing caseloads in that area.[11] The cuts in SSBG and the prospects of even higher numbers of children requiring child protective services will strain funding further.

Insufficient child welfare funding can result in a variety of consequences. Inadequate staffing levels mean high caseloads. As a result, reports of neglect or abuse may not be fully investigated, or social workers may not make frequent enough visits to ensure that a child is safe and appropriately cared for, either in the home, or in a foster care setting. Inadequate salaries attract inexperienced staff and result in high staff turnover. In instances where training is not adequately funded, or turnover is high, staff may make inappropriate decisions regarding whether to remove a child from the home. If a child needs to be removed from his or her home, and there have been inadequate funds to recruit and certify foster family homes, it may mean placing a child in an institution that is more expensive and restrictive than is necessary for that child. If adoption assistance funding is too scarce to fill the need, a child may "drift" from one foster care setting to another until he or she reaches 18 years of age, at which time the child will be left with no financial support from the state, and no family to rely on. Children who drift in foster care are denied the kind of nurturing, loving homes to which all children are entitled. The formulation of a state child welfare budget that adequately addresses the needs of children is, therefore, of fundamental importance to the future of children who have already been subjected to abuse and neglect.

The Inexcusable Condition of State Data Collection

Given the abysmal condition of many of our state child welfare systems and the anticipation of additional pressures being put on those systems, it is especially troubling to find that too many of our states do not have in place the tools necessary to determine the needs of vulnerable children and families and the cost of filling those needs. While it is complicated to devise measurements to help us understand when children's needs for safety are being met or precisely what those services cost, it is critical to do so. Without this information, states can't be sure that vulnerable children are being protected. In those states where the responsibility for administering these programs is devolving from states to counties to local governments, the need for gathering information in a consistent way across a state will become all the more essential.

Findings

- State systems responsible for protecting children who are in danger are overwhelmed. They are not able to function adequately or appropriately to safeguard children at risk.

- States lack essential information about the children entrusted to their care. Many states do not know how these children are faring, nor do they know enough about the costs of the services they provide to enable them to evaluate effectiveness or plan for the future.

Discussion of Findings

- State systems responsible for protecting children who are in danger are overwhelmed. They are not able to function adequately or appropriately to safeguard children.

Although they recognize the importance of child welfare programs, state agencies in the states studied appear to be overwhelmed by rising caseloads and inadequate resources. Between 1984 and 1993, reports of child abuse or neglect in the states studied rose an average of 71%, just above the national average of 68% for that period.[12] In a February 1995 Child Welfare League of America survey, state child welfare administrators said that child abuse and neglect reports that would have been investigated in 1990 were not investigated in 1994 because the number of reports had increased, staff capacity had decreased, or both.[13]

Of the states studied, the average percentage of cases substantiated/indicated in 1993 compared to the reports made was 33%, just below the national average of 35%.[14] According to a 1995 report, an average of 24% of cases where child abuse or neglect was substantiated received no services to ensure the safety of the child.[15] A dramatic indicator of the crisis in state child welfare systems is that nationally 22 state child welfare systems, or portions thereof, are operating under court orders or consent decrees that are the result of lawsuits challenging the adequacy of their systems. Of the states studied, seven are pursuing child welfare system reforms pursuant to such lawsuits. The causes of action alleged in these cases challenge state systems' programmatic or fiscal policies, and include such issues as the failure

of a state to provide adequate social services to children in its care and caseloads which are so large that social workers cannot provide children and families with adequate oversight.[16]

- States lack essential information about the children entrusted to their care. Many states do not know how these children are faring, nor do they know enough about the costs of the services they provide to enable them to evaluate effectiveness or plan for the future.

We had hoped to analyze expenditure, service level and unmet needs data for child welfare services across states as we have done in the rest of this report and to suggest some conclusions about the relationship between expenditure choices by the states and outcomes for vulnerable children. However, it was especially difficult for us to do so in the child welfare area for several reasons. In some cases, we encountered categories of child welfare spending and services which were widely inconsistent across states. In others, weak record keeping at the state level meant no data at all.

Inconsistent definitions across states also created barriers. Because child welfare is largely handled at the state or local rather than the federal level, states utilize different definitions and have developed different protocols for responding to needs. For example, family preservation and family support services vary to a large degree between states. In one state, family preservation may mean parent education or home visiting, whereas in another state it may equate to a more comprehensive, intensive approach offering round-the-clock services to a family in crisis. Additionally, states have developed different standards for response. In one state, drug exposure at birth may be grounds for removal from the parent's custody, in another it may only be grounds for investigation. Where definitions of services vary, they cannot be compared across states; and where definitions of services vary, expenditures for these services cannot be compared across states either.

We also discovered that some states are lacking a complete picture of how their vulnerable children are faring. Some are better than others in this regard. A few states don't even have the most basic information they need to assess what is happening to, much less plan for, the children who have been reported to be at risk of harm. For example, while the child welfare agency in Kentucky knows how many children are in out-of-home care, they do not know how many are in the different types of settings, e.g., foster care or private institutions. In Nebraska, the state does not know how many reports of abuse and neglect were made, only how many were investigated, since the decision about whether or not to investigate is made at the local level. Where this kind of basic information is not known, there can be no adequate assessment of how children are doing or how effectively the system provides for their safekeeping.

We also found that social workers in child protective systems lack critical information about children at risk. Even where the investigation of a report of child abuse or neglect does not disclose sufficient evidence to substantiate the report, social

An Ounce of Prevention...

Teen mothers receiving services from a nurse home-visitation program in New York had a child abuse rate of 4%, compared to 19% for similar mothers not receiving home visits.

Birth to Three, a parent support program in Oregon, found the child abuse rate among its participants to be more than 10 times lower than the national average.

Fewer than 1% of parents receiving mentoring services through the Family Support Program in Sacramento, California, were later reported to Child Protective Services, well below the 18% to 20% rate found among similar parents who did not participate in the program.

A Michigan study showed that a year-long, preventive parent education program to every first-time parent in the state would cost $43 million, while the estimated cost of meeting needs of child abuse and low birthweight children for those families would cost $823 million.

Source: U.S. General Accounting Office, *Child Abuse: Prevention Programs Need Greater Emphasis*, August 1992.

As we prepare for the repercussions of the new welfare act, it is more than critical that states achieve a clear understanding of what works and what doesn't in protecting children from abuse and neglect.

workers may still believe that the child is in danger. In such cases, it is the responsibility of the state or county agency to refer the family to appropriate services and to monitor the continued safety of the child. We found that social workers in California, Nebraska, Illinois, Kentucky, New Jersey, and Colorado, in effect, don't know what happens to these families. Do they get help? How long did they have to wait? Is the child safe? No one knows. Unfortunately, we know that many of these families will come to the attention of authorities later, with more serious consequences for the child. Adequate monitoring and provision of services in the early stages may have prevented the abuse or neglect in the first place. Delaying such intervention may result in tragedy and will certainly be more expensive in the long run.

In states where child welfare services are administered by the county, like Wisconsin, states may have no consistent method for keeping statewide data on children in the system. Between 1990 and 1995, two of the states we studied, New York and California, dropped their centrally-administered state systems in favor of county-administered systems. More states are likely to follow suit in this era of devolution where local authorities are assigned the responsibility for child welfare services. While it is important for local communities to play key roles in child welfare programs, experience shows that central monitoring is vitally important.

Finally, many states are lacking data that would enable them to evaluate their current policies and programs or to plan appropriately for the future. They lack sufficient information about the costs of various kinds of programs to accurately forecast the budgetary impact of changes in either the size of the population or the needs of the children and families they serve. For example, Wisconsin does not know how much is being spent on specific areas of the child welfare budget, i.e., training and administration, because counties receive funds as a block grant and do not report expenditures in detailed categories. Furthermore, most state agencies in the states studied do not regularly assesses the needs of the children they serve so they cannot know whether or not the programs in place are appropriate. Nor do they have information that would enable them to assess the long-term effectiveness of the programs they support. As we prepare for the repercussions of the new welfare act, it is more than critical that states achieve a clear understanding of what works and what doesn't in protecting children from abuse and neglect.

Future Trends

If the collection of child welfare data does not improve during this time of rapid change, children will suffer. Although extended federal funding for data collection could be beneficial, federal funding for research to improve our understanding of child abuse and neglect was eliminated.

Federal funding available to states to design and install data collection systems has been extended for an additional year through a provision in the new welfare act. Not only does this extension allow states to complete work on these systems, it will allow them to make necessary alterations to account for the new welfare act.

At this point, it is unclear whether the potential for these systems to address many of the shortcomings we found in state systems will be fulfilled.

"We shouldn't have to wait until a child is hurt to know whether a program is working."

Ceil Zalkind,
Associate Director,
Association for Children of New Jersey

While there is recognition that child welfare data is essential, there is still resistance to providing funding for it. The new welfare act included federal funding for the U.S. Department of Health and Human Services to conduct a national longitudinal study on children who have experienced or who are at risk of neglect or abuse. However, that same Congress subsequently eliminated the funding for the study.

Changes in the new welfare act could dramatically affect the foster care system.

States now have great discretion in designing their welfare programs. However, with less money over time to deliver services, many fear benefit levels will be reduced. Furthermore, food stamp benefits, which have long functioned as an income supplement, have also been reduced. The time limits imposed by the new welfare act will put tremendous pressure on parents to work in spite of conditions in the job market, availability of appropriate child care, or circumstances within their own families. Poor families will be under tremendous stress. Conditions that push families deeper into poverty or increase family instability are likely to increase the incidents of child abuse and neglect and the consequent out-of-home placement of children. According to a 1992 study conducted by the New York State Department of Social Services, 68% of all children in foster care in New York City had, at the time of placement, been living in households receiving public assistance. If reduced support for poor families were to create conditions that resulted in placement in foster care of only 2% of the children receiving AFDC in New York City in 1995, the number of children admitted to foster care in that city each year would double.[17] In eight of the states studied, if just 1% of the children in the welfare population were to be placed in foster care, the foster care caseload would jump 15% or more. In some states, the impact would be more dramatic—in Michigan, the increase would be 43%; in Kentucky, the increase would be 41%; in New Jersey, it would be 30%.[18]

Reduced funding for the Social Services Block Grant will most likely result in reductions in the child welfare services states can provide.

Recent reductions in SSBG further diminishes a key source of federal funding for a broad range of services for low-income families, including child welfare and child care services. Currently, 46 states target 15% to 85% of their SSBG funding for child welfare services. Cuts in SSBG are likely to result in reduced services just at the time when experts predict the new welfare act will cause an increase in the number of children who need child welfare services. Furthermore, the pressure on states to fulfill strict new work requirements for welfare families will force states to decide between spending SSBG funding on child care to protect children or to support work.

The trend toward privatization, strengthened by provisions in the new welfare act, will increase the necessity for states to be more vigilant about data collection.

For many years, state child welfare agencies have contracted with nonprofit agencies to provide many services. In a recent development, the state of Kansas has contracted out the operations of the entire child welfare agency. In addition, provisions in the new welfare act will for the first time allow states to use federal funds to contract with *for-profit* agencies for foster care, independent living and adoption services.

In large part, the acceleration of the trend toward privatization stems from recent failures by public child welfare agencies and from current budget crises. Concerns about these trends toward privatization are voiced by many. Will states choose to contract with private sector agencies to provide child welfare services simply to reduce their costs? Or are private contracts a strategy for improving the quality of services? When cost considerations are the only basis for decisions, or the only measure of their success, child advocates worry about the well-being of the children involved.

Where privatization is embraced, states will need to provide private contractors with streamlined procedures for tracking and reporting expenditure and services data. Given the states current record on data collection, adequate attention to this issue is questionable. Additionally, to ensure that children receive consistent and quality services, states will need to put in place requirements for timely and thorough evaluations.

Endnotes

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3. The Gallup Organization, *Disciplining Children in America: A Gallup Poll Report* (Princeton, NJ: The Gallup Organization, 1995). According to the *Third National Incidence Study of Child Abuse and Neglect*, there was a 67% increase in the incidence of child abuse and neglect between 1986 and 1993. A.J. Sedlak and D.D. Broadhurst, *Executive Summary of the Third National Incidence Study of Child Abuse and Neglect* (Washington, DC: U.S. Department of Health and Human Services (HHS), September 1996).

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6. Ibid., 11.

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8. P.A. Curtis, J.D. Boyd, M. Liepold, and M. Petit, *Child Abuse and Neglect: A Look at the States: The CWLA Stat Book* (Washington, DC; CWLA Press, 1995), 12.

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10. U.S. GAO, *Child Welfare: Complex Needs Strain Capacity to Provide Services* (Washington, DC; GAO, September 1995), GAO/HEHS-95-208, 15 and 17.

11. Family Service America, Inc., *Social Services Block Grant (Title XX)*, statistical fact sheet (1996).

12. Calculation based on figures in Curtis and Boyd, et al., *Child Abuse and Neglect: A Look at the States*, 8 and 9.

13. Ibid.

14. Calculation based on figures in Curtis and Boyd, et. al., *Child Abuse and Neglect: A Look at the States*, 18-19.

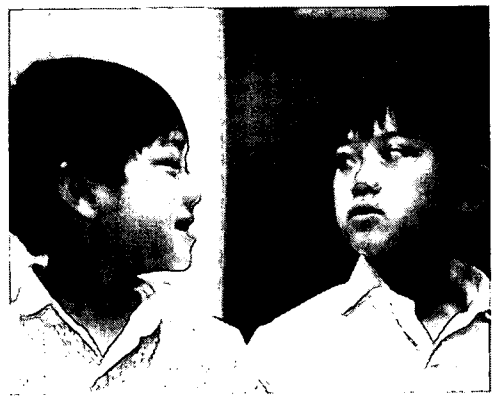
15. U.S. GAO, *Child Welfare: Complex Needs Strain Capacity*, 15.

16. National Center for Youth Law (NCYL), *Foster Care Reform Litigation Docket* (San Francisco: NCYL, 1995).

17. H. O'Neill, *One Third of Our Children: The Effect of New Directions in Welfare Policy on New York City's Children* (New York City: Foundation for Child Development), 20 and 28.

18. Calculations by the Children's Defense Fund, Washington, DC, using AFDC data from HHS and foster care data from the American Public Welfare Association/Voluntary Cooperative Information System. The data is from September 1993 and is the most recent available.

CHAPTER FIVE:



Crime and Punishment: States Miss the Mark in Juvenile Justice

Juvenile crime is one of the most pressing concerns in America today. Studies have found that almost one-third of all juveniles (both males and females) had one police contact before the age of 18.[1] While many of these youth do not have another encounter with the law, a significant number—29% of females and 46% of males—have more than one referral to the juvenile justice system.[2] While roughly the same proportion of youth are committing violent crimes as in 1980,[3] the greater number of fatalities associated with these crimes and the increasing media attention given to crimes committed by and against youth have directed greater attention toward the juvenile justice systems in the states. Especially alarming is the fact that juveniles are an increasing percentage of violent crime victims—for example, nearly seven children were murdered each day in 1994.[4]

The challenge for states, therefore, is to reduce juvenile crime before it happens through effective prevention strategies and to create a balanced juvenile justice system for offenders that works toward the rehabilitation of these youth rather than simply locking them away in institutions. This matter is of growing importance to states as the population aged 15 to 24 will increase from 69 million in 1995 to an estimated 74 million by 2010,[5] which may lead to an increased number of juvenile offenses unless states can effectively plan to reduce the incidence of juvenile crime. An abundance of research points to the effectiveness of prevention programs in reducing juvenile crime (see "An Ounce of Prevention..." on pages 44 and 45), suggesting that constructive educational and recreational outlets and positive role models for youth can play key roles in reducing antisocial behavior.

Nationally, total state expenditures for juvenile justice programs in 1994 were $2.6 billion, with only 9.4% of that total coming from federal funds.[6] Though these pro-

An Ounce of Prevention...

A recent RAND study indicates that graduation incentive programs would result in a reduction of 250 crimes for every million dollars invested. In addition to being the most cost effective approach investigated by RAND (the other approaches investigated were home visits, day care, parent training, delinquent supervision, and three-strikes laws), the graduation incentives program was extremely successful in reducing crime: arrests for participating students were 70% lower than that of control students.

Source: Greenwood, *Diverting Children from a Life of Crime, Measuring Costs and Benefits*, Rand Corp., Santa Monica, CA, 1996.

In the summertime, when Phoenix basketball courts and other recreation facilities are kept open until 2 a.m., police calls reporting juvenile crime dropped by as much as 55%. While such programs are needed year-round, funding is not available. Yet, these programs are a bargain: with 170,000 participants in Phoenix, the cost is only 60 cents per youth.

Source: *Healing America's Cities: Why We Must Invest in Urban Parks*, The Trust for Public Land, 1994.

grams are primarily funded at the state and local levels, there is a small, yet significant, funding role played by the federal government. The two major sources of federal funding for juvenile justice are through the Department of Justice (DOJ), which administers numerous small grant programs pursuant to the Juvenile Justice and Delinquency Prevention Act (JJDPA), and through the foster care (Title IV-E) funding stream. The DOJ grants can be used in a variety of ways by the states to improve the juvenile justice system; these are the funds that are most likely to be used for prevention or to train staff in juvenile institutions. The size of these grants, however, is small when compared to the level of funding states can draw from the federal Title IV-E funding stream. Although currently underutilized, IV-E funding could be used by states to pay for the costs of juveniles in facilities—primarily intensive institutional and residential settings—with under 25 residents, as long as the parents of those juveniles meet income eligibility requirements. Because this funding stream is open-ended, there is no limit on the dollars states can draw down (other than the 25 bed and income eligibility restrictions) from this source. In addition, other DOJ funding streams such as the Byrne Grant program may be used for youth crime prevention and youth programs.

While each state juvenile justice system has its own nuances, state systems can generally be separated into four major categories: prevention, community-based programs, institutional placement, and post-residential placement (after-care). The first step is prevention, which includes a broad array of activities including mentoring, structured recreational activities, and targeted education toward youth at risk of destructive behavior such as gang involvement or substance abuse. If juveniles do become involved with the justice system, the key is to create a system of graduated sanctions within the community that offers a spectrum of services to juveniles that both provides accountability and is designed to meet the needs of each child, based on the child's history and type of offense rather than a "one-size-fits-all" approach that relies heavily on juvenile incarceration. For first-time and low-level repeat offenders, it is important that the juvenile justice system handle the situation with immediate and appropriate sanctions to discourage future infractions. This intermediate form of treatment— including community-based residential programs, electronic monitoring, and weekend detention—has been shown by research to be at least as effective, and far less costly, than incarceration.[7] Along with being more targeted to the needs of juveniles because the treatment is tailored to the child and severity of the offense, these programs are smaller, allowing for greater adult supervision and more individualized counseling and training.[8] This approach is also consistent with the facts, rather than the myths, about juvenile violent crime. Contrary to public opinion and political rhetoric that portray juveniles as "predators," only 6% of all juvenile arrests in 1994 were for violent crimes, and juveniles accounted for only 14% of all violent crimes.[9]

It is true that secure confinement of juveniles is appropriate for the most serious and violent offenders, but this option should be treated as a final step in the graduated sanctions spectrum rather than a panacea for juvenile crime. Furthermore, secure confinement has been shown to be more effective in reducing recidivism when the number of juveniles in the facility is relatively small. Finally, states may

fund after-care programs, which are designed to assist youth in making the transition from residential care back into the community and to reduce the chance and severity of possible recidivism.

Of course, the ability of states to create a system of graduated sanctions depends on the ability of the states to monitor and track youth that come in contact with the juvenile justice system. To target graduated sanctions effectively, states must have information on the history of the juvenile, including prior encounters with the juvenile system, along with accurate information on the severity of the crime. Also, states must have the resources to enact appropriate sanctions in a timely manner. To assess states' ability to address the unique challenges of the juvenile justice system, states were asked to provide data on both juvenile offenders and the juvenile justice systems in their state, as well as expenditure data to serve as a baseline for comparing future spending patterns.

Findings

- States spend only 11% of their state juvenile justice budget for programs targeted toward specific crime and delinquency prevention. Also, many states do not adequately utilize federal resources available for prevention programs.
- States spend more than twice as much of their juvenile justice budget on institutional placement (60%) as on community-based programs (25%). Only 4% of juvenile justice spending is used for after-care programs to help youth make the transition from the justice system back to their community.
- Many states do not have a comprehensive system of data collection to follow juveniles who come in contact with the justice system. This hampers state efforts to provide targeted services for juvenile offenders that would reduce crime and recidivism rates.

Discussion of Findings

- States spend only 11% of their state juvenile justice budget for programs targeted toward crime and delinquency prevention. Also, many states do not adequately utilize federal resources available for prevention programs.

Despite the evidence from research that clearly shows the effectiveness of prevention programs, states reported that only 11% of all the funds in the juvenile justice system were used for prevention programs in FY94. In comparison, states spent more than five times as much money on placing juvenile offenders in correctional institutions, indicating that states are taking a reactive, rather than proactive—and more cost-effective—approach to juvenile justice. A recent study by the RAND Corporation indicated a prevention program of graduation incentives (i.e., at-risk youth would receive scholarship incentives and mentoring services to complete high school and go on to college) would result in a reduction of roughly 250 crimes for every million dollars invested, or only $4,000 for each crime averted. Not only were prevention programs more cost effective than other alternatives such as "three-strikes, you're out" laws, prevention programs were extremely suc-

An Ounce of Prevention...

Police records in Kansas City, Missouri, indicate a 25% decrease in juvenile apprehensions from the previous year in areas that feature a youth recreation program called Mayor's Night Hoops. Violent crimes declined 38%, non-aggravated assaults were reduced 67%, and property offenses declined 46%.

Source: *Public Recreation in High Risk Environments, Programs That Work*, National Recreation and Park Association, 1996.

Research in California indicated that every $1 spent on prevention programs produces savings of $1.40 to the juvenile justice and law enforcement systems.

Source: Hurley, *Delinquency Prevention Works*, Office of Juvenile Justice and Delinquency Prevention, U.S. Department of Justice, 1995.

An evaluation of the National Job Corps found that every $1 invested in the program had a return of $1.45 in reduced crime, substance abuse treatment, welfare dependency, and increased job productivity. Along with the cost savings, the program effectively reduced arrests among these youth by 30%.

Source: Milton S. Eisenhower Foundation, *Youth Investment and Community Reconstruction: Street Lessons on Drugs and Crime for the Nineties, 1990.*

cessful in reducing crime: arrest rates for participating students were 70% lower than for similar students.[10]

State Juvenile Justice Expenditures, by Function*

State	Institutional	Community Based	Prevention	After-Care
CA	57.7%	24.6%	10.9%	6.8%
CO	51.1%	39.9%	8.8%	0.2%
IL	57.3%	13.7%	27.8%	1.2%
KY	61.1%	27.3%	0.0%	11.5%
MI	72.1%	6.1%	12.1%	9.7%
MO	75.7%	18.4%	5.8%	0.0%
NE	81.3%	3.5%	5.8%	9.4%
NJ	69.9%	28.9%	1.2%	0.0%
NY	56.2%	25.2%	17.5%	1.1%
PA	59.2%	36.2%	3.3%	1.4%
WI	68.5%	28.4%	1.2%	1.9%

* comparisons must be made with caution because of differences in state budget processes and definition of juveniles. For example, New York defines juveniles as youth under 16, while most states employ an "under-18" definition.

Source: NACA Children's Budget Watch, NASBO State Innovations in Juvenile Justice

Chart 5-1

The unevenness in prevention spending across states was also notable, ranging from 0% of the total state juvenile justice budget in Kentucky to 28% in Illinois. Prevention funding in New York, while not as extensive as in the past, is unique in that it contains a discrete state funding stream ($51.6 million in 1994, or 18% of the state juvenile justice budget) to promote preventive services at the community level. It should be noted, however, that a cross-state comparison of prevention dollars is fraught with caveats, as states differ in their ability to identify funds targeted for delinquency prevention versus related services (e.g., substance abuse prevention). Also, since many recreational activities, including school-based programs, are funded or administered at the local level, states cannot always keep track of the total expenditures in the state that are directed toward prevention. Despite this local component, a focus on state dollars is still relevant in that a state's decision to invest in prevention programs is indicative of the spending priorities in that state and because states have vastly greater resources than localities.

The failure of states to invest an adequate level of dollars in prevention programs is not, unfortunately, limited to the use of state dollars; states often have not tapped into federal resources for crime prevention either. In FY95, none of the states studied spent more than 23% of federal Byrne Grant funding for prevention programs, with California and Wisconsin not using any of their Byrne Grant funds for this purpose.[11] Illinois, in fact, was the only state to use some of these funds for gang reduction activities. While the Byrne Grant was one of several crime-related federal funding streams available to the states, it still represented $444 million in virtually unrestricted funds that states could have utilized, but often did not, for prevention purposes.

- States spend more than twice as much of their juvenile justice budget on institutional placement (60%) as on community-based programs (25%). Only 4% of juvenile justice spending is used for after-care programs to help youth make the transition from the justice system back to their community.

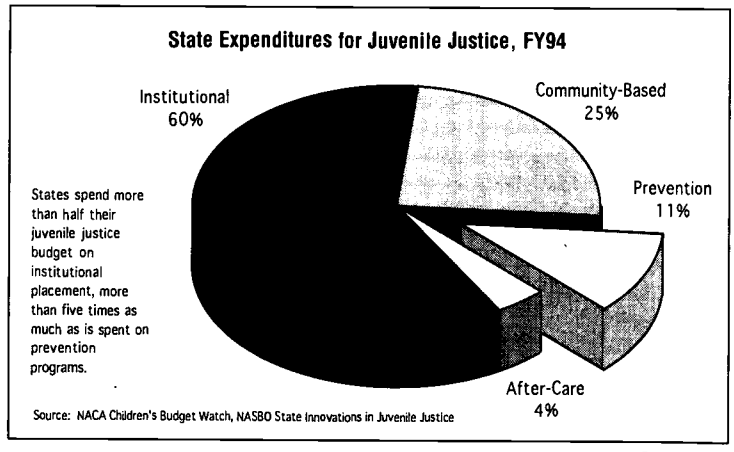


Chart 5-2

The large percentage of state juvenile justice expenditures used for institutional placement is troubling for several reasons. The great disparity in spending between institutional placement (60%), community-based programs (25%), and

after-care (4%) reflects an unbalanced, reactive approach to treating juveniles who have come in contact with the justice system. Not surprisingly, it is in such institutional placements as juvenile detention centers, boot camps, and other large residential programs that recidivism rates are highest. For example, a recent study in California found that an increase in juvenile incarceration actually increased recidivism from 45% to 58%.[12] In a national study in 1994, a 45% increase in institutional placements over a 10-year period led to a 30% increase in juveniles admitted to adult facilities. This would indicate that these placements not only failed as a deterrent for juvenile crime, but were associated with an increase in serious, violent offenses that would result in placement in adult prisons.[13] In other words, the cost of institutional placement to the state is actually higher than the direct costs of placement would indicate, as the juveniles in these settings are the most likely to recidivate, placing additional costs on either the juvenile justice or adult prison system in the future.

- Many states do not have a comprehensive system of data collection to follow juveniles who come in contact with the justice system. This hampers state efforts to provide targeted services for juvenile offenders that would reduce crime and recidivism rates.

As is the case in child welfare, many states do not keep comprehensive records on how children in the juvenile justice system are faring. This lack of data, demonstrated by the inability of some states to monitor the behavior of juveniles over time, has several important consequences. Without adequate information on the history of the juvenile, a state cannot provide a targeted, comprehensive strategy (from prevention to after-care) for services that have been shown

Smart Investments: Beacon Schools

A basic principle of the Beacon Community Center Program—known as "Beacon Schools" because it uses existing public school facilities—is that neighborhoods should address the needs of residents with an extensive, but integrated, variety of services rather than with a piecemeal approach. Most Beacon Schools provide mentoring, tutoring, employment training, and recreational activities for children and youth, and many have undertaken targeted prevention programs to reduce the incidence of crime and substance abuse. Particularly in areas with high crime rates, Beacon Schools provide a safe environment for children and families to develop ties within the community and have taken on an increasingly larger role as a comprehensive community center.

Since the program was established in 1991 in New York City, the number of Beacon Schools has risen from 10 to 40, with each site offering services to an average of 300 children, youth, and adults each day. As opposed to other programs administered by a central government agency, each Beacon School is managed by a nonprofit, community-based organization (CBO) that works in collaboration with the school board, parents, teachers, church leaders, and other local groups. For example, in 1995, each CBO received $450,000 from the New York City Department of Youth Services to implement programs, and the Board of Education received $50,000 for each Beacon to cover costs (e.g., custodial services) associated with the use of school facilities. In addition, the program receives financial support from other federal, state, and local sources, as well as private corporations and foundations. Management at the local level has allowed each site to tailor its services to the needs of the community and has increased participation and support for the program. The strong local presence also allows youth to strengthen protective bonds through activities with role models, peer groups, and local police officers.

As participation increases, many Beacon Schools have extended the range of services into health care and child welfare: 90% now provide health workshops to residents, offered in collaboration with local hospitals and family health care centers, and roughly one-fifth offer on-site family support and child abuse prevention services. While no formal evaluation of the entire Beacon Community Center Initiative has been completed, the countless "success stories" at individual Beacons has led to interest to create Beacon programs in more than 30 cities across the country. As pointed out by Mayors Rudolph Giuliani (New York) and Richard Riordan (Los Angeles), "When programs like the Beacon Schools are successful, they should be expanded."

Source: Fund for the City of New York at (212) 925-6675.

With the foreknowledge that the number of juveniles will increase in the next 15 years, states have a narrow window of opportunity to invest in juvenile justice programs that can effectively reduce crime and recidivism before the needs of that population increase.

to have a greater effect than incarceration in reducing crime and recidivism rates among juveniles. Also, by not keeping track of the number of youth who are treated as they pass through the spectrum of juvenile services, states may allow children to "fall through the cracks" by not being able to provide the level of services required by the juvenile population. In New Jersey, for example, some juveniles wait up to six months for placement in treatment programs because of overcrowding, and yet the state agencies who were legally responsible for placement were not actively looking for placement opportunities. To quote a child advocate in New Jersey, "These are children that don't show up in anybody's numbers. They are nobody's kids."[14] This lack of adequate attention undoubtedly increases the sense of alienation for juveniles in the system, creating a greater likelihood of antisocial behavior unless intensive steps are taken to remedy the situation. Indeed, psychological studies have repeatedly shown that the swiftness with which delinquent or criminal behavior is addressed is crucial to the effectiveness of sanctions to dissuade juveniles from future criminal activity. It is also important to note that states are also changing their laws to try more juveniles as adults, but are doing little to monitor the impact of those policies on juveniles. Inadequate data are available on how many juveniles are tried as adults for various offenses, or even on recidivism rates of such juveniles.

Future Trends

States may continue to eschew proven strategies such as prevention and graduated sanctions in favor of increasing levels of institutional placements.

In contrast to the political rhetoric that forecasts a juvenile violent crime wave of unprecedented proportions, the fact remains that 94% of all juvenile arrests are for non-violent offenses.[15] With the foreknowledge that the number of juveniles will increase in the next 15 years, states have a narrow window of opportunity to invest in juvenile justice programs that can effectively reduce crime and recidivism before the needs of that population increase.

Based on recent trends, however, it does not appear that states will have a change of philosophy anytime soon. As we have pointed out, states spend nearly five times the amount on institutional placement as on prevention. Although research and anecdotal evidence based on the implementation of individual programs such as the Beacon Schools illustrate the effectiveness of prevention strategies, states have not generally invested an adequate level of dollars in prevention programs. The same finding applies to the use of federal funds, as many states have underutilized the federal Byrne Grant for prevention programs. While the Byrne Grant, which can be used by states in a variety of ways to fight crime, represents only one form of prevention dollars accessible to the states, it illustrates how little "no-strings" money is dedicated by states to prevention programs. The availability of federal Title IV-E dollars to fund the placement of juveniles in institutional settings may also be a point of concern in the future, as this program is one of the few guaranteed federal programs unaltered by the new welfare act. While states have not yet tapped into this funding source in any great proportion (e.g., the IV-E dollars con-

stituted only 4% of the juvenile justice budget in New York), the use of this unlimited source of funds may be seen as an attractive option to continue funding juvenile institutions as state resources are stretched by other budgetary demands.

"Today in America, we guarantee every 14 year old a prison cell before we guarantee them an afterschool program."

Richard Murphy, Director, Center for Youth Development and Policy Research, Academy for Educational Development

States are showing no signs of relenting on the increase of more "sound-tough" sentencing for juvenile offenders and trying more juveniles in the adult court system, which ignore the goals of prevention and rehabilitation that are basic to the juvenile justice system.

Several bills at the federal level and many bills in the state reduce prevention funds and try increasing numbers of children as adults. Many states have now adopted 14 as the minimum age at which children can be tried as adults, and that minimum age is as low as 10 (in Colorado) for a number of particular crimes. This legislative trend paints a dark picture as states would be spending more money on a practice with questionable efficacy and few funds on proven methods to prevent crime and reduce youth violence. While punishment for criminal behavior is necessary, research has demonstrated that trying juveniles as adults is not effective as a deterrent to crime. In fact, research has shown that children tried as adults have a higher recidivism rate—committing more violent crimes and reentering the court system sooner—than comparable children tried as juveniles.[16] The key, therefore, is not simply to "get tough on crime," but rather to get smart about crime prevention.

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CHAPTER SIX:

In the Land of Plenty, Nutrition Programs Fall Short

Food is a basic human need. Scientists, the public, and most politicians understand that the quantity and quality of nutrition affects the well-being of children. The National School Lunch Program (NSLP), for example, was created in 1946 by the Truman Administration as "a measure of national security" after thousands of young men were found ineligible for the draft due to nutritional deficiencies.[1] Today, the concern is not only for the individual well-being of each child, but for the global competitiveness of the future work force as malnutrition has been conclusively linked to long- and short-term damage to cognitive development.[2]

While we are rightly repelled by images of emaciated children in developing countries, we are often too slow to comprehend the insidious effect of malnutrition and hunger among our own child population. According to a recent national survey that attempted to quantify the problem of hunger, an estimated four million American children under 12 are hungry, and an additional 9.6 million may be at risk of hunger.[3] A recent study by Second Harvest, a national network of food banks and emergency pantries, found that 43% of its food recipients were children under 18, though this age group is only 26% of the general population.[4] In addition, children from families with incomes below the poverty line are more apt to suffer from a wide array of vitamin and mineral deficiencies and experience health, developmental and behavioral problems.[5]

Because of the wide recognition that malnourished and hungry children get sick more often and do not learn well, the federal government has played an important role in the fight against hunger by providing virtually 100% of the funding for a variety of state-administered nutrition programs. While most of the major programs—food stamps, school lunch, school breakfast, etc.—are guaranteed to those eligible, the Special Supplemental Food Program for Women, Infants, and

An Ounce of Prevention...

An additional investment of $111 million annually in the WIC program would save federal, state and local governments and such private institutions as hospitals and insurance companies $1.3 billion over a span of 18 years.

Source: U.S. General Accounting Office, *Early Intervention: Federal Investments Like WIC Can Produce Savings*, Washington, DC, 1992.

USDA reports that food stamp participation increases nutrients in home food supplies by 20 to 40%.

Source: *Myths vs. Facts about the Food Stamp Program*, Campaign To End Childhood Hunger, FRAC, Washington, DC.

Children (WIC) is not guaranteed to all eligible individuals. However, WIC's proven success in reducing future health care costs has earned the program wide bipartisan support, and federal funding for WIC has increased steadily from $2.5 billion (adjusted dollars) in FY90 to $3.5 billion in FY95.

The Food Stamp Program remains, by far, the largest and most important anti-hunger initiative. The federal investment in food stamps has grown from $14 billion in adjusted dollars in 1990 to almost $26 billion in 1995. Though it was not initially designed as a child nutrition program, the Food Stamp Program has evolved into the basic food safety net for children. Today, 51% of food stamp recipients are children (almost 14 million). Of those, 40% are under five, and more than 80% of total benefits go to households with children.[6] In 1994, almost twice as many children received food stamp benefits as received assistance under Aid to Families with Dependent Children (AFDC), the primary cash welfare program, as the Food Stamp Program reaches families with incomes up to 130% of the poverty line.

The new welfare act makes deep cuts in food stamps and other nutrition programs and excludes approximately 300,000 legal immigrant children from the food stamp program. Though the nutrition programs, except for WIC, continue to be guaranteed under the new welfare act, more of the burden has shifted to states to safeguard children from hunger and malnutrition in the face of growing need and dwindling federal dollars. Throughout the 1996 welfare debate, governors publicly promised to protect children from the negative effects of federal cuts. To assess the capacity and the will of states to fulfill that promise and to establish a baseline against which to measure the future impact of the new welfare act, states were asked to provide information on a variety of nutrition programs, including school lunch and breakfast, the Summer Food Program, food stamps, and WIC.

Findings

- The percent of schools participating in both the school lunch and school breakfast programs in 1995 varied dramatically, ranging from a low of 27% in New Jersey to a high of 100% in West Virginia.
- Nine states took some action or combination of actions to increase the participation in the school breakfast program.
- On average, in 1995, only 19% of children receiving free and reduced-price lunches participated in summer food programs.
- The percent of food stamp households not receiving cash assistance in 1995 ranged from a low of 27% in New York to highs of 64% in Michigan and Missouri.

Discussion of Findings

- The percent of schools participating in both the school lunch and school breakfast programs in 1995 varied dramatically, ranging from a low of 27% in New Jersey to a high of 100% in West Virginia.

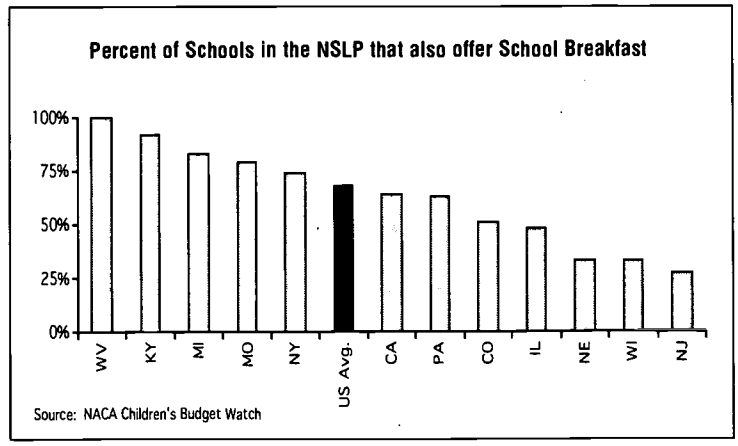
- Nine states took some action or combination of actions to increase the participation in the school breakfast program.

School lunch is a popular and familiar program providing subsidized lunches to children of all incomes and free or reduced-price lunches for children who qualify. It is particularly important to the latter population, as for some children, it's the major meal of the day. Because school lunch is an entitlement program, states can reach more eligible children by increasing both the number of schools—public and non-profit, private—participating in school lunch and the number of low-income children participating in the program. Nationwide, the participation rate of public schools in the school lunch program is roughly 95%.[7] The rate of participation for private schools is lower due to administrative costs and the fact that students in private schools are less likely to be in need of nutrition assistance programs.

Though it still lags far behind school lunch, the School Breakfast Program is also experiencing growth. From 1987 to 1995, there has been a 72% increase in schools offering school breakfast.[8] However, in too many states, the proportion of schools participating in both school lunch and breakfast was unacceptably low in 1995: 27% of schools in New Jersey, 33% in both Wisconsin and Nebraska, and 48% in Illinois. It is important to note that the low rates of participation in these states could be influenced by the number of rural or special-need school districts in the state, as these schools find it more expensive to administer school meals programs. Still, both Kentucky and West Virginia, which are also largely rural states, have a much higher rate of participation in the school breakfast program, signaling that other (i.e., local, political) factors could be obstacles to implementation of the program. Whatever the case, unless they have other means to ensure proper nutrition for children in non-participating schools, these states may be negligent to the needs of their school-age population by not taking full advantage of a federal program that provides a key nutritional safety net for children.

Indeed, when states make an effort, they can increase the number of schools participating in the school breakfast program. These efforts include providing such financial incentives as start-up funds or per meal refunds, coordinating education and outreach efforts, and establishing partial or universal mandates or similar state requirements. West Virginia—which has a universal mandate requiring all schools participating in school lunch to serve school breakfast—has a 100% school enrollment in both school meals programs. As a result, West Virginia can ensure access for all students even if the state cannot afford to allocate its own resources for the program. If a universal mandate is politically unfeasible, there are other steps states can take. Michigan, for example, was able to increase its school participation in

Chart 6-1



school breakfast by 99% between 1994-1995 by passing a state law requiring all schools with more than 20% of students eligible for free and reduced-price meals to participate and by requiring schools with fewer than this percentage to hold hearings on the feasibility of offering school breakfast. In addition, Michigan provides a $10 refund per "at-risk" child (below 130% of poverty) to participating schools as an incentive to increase participation.[9]

- On average, in 1995, only 19% of children receiving free and reduced-price lunches participated in summer food programs.

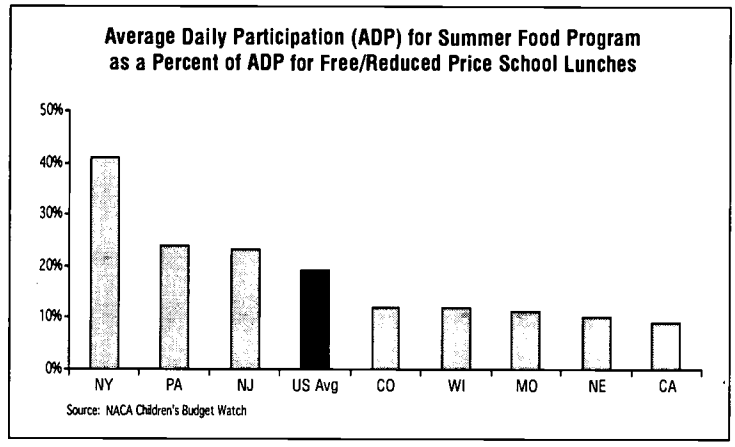
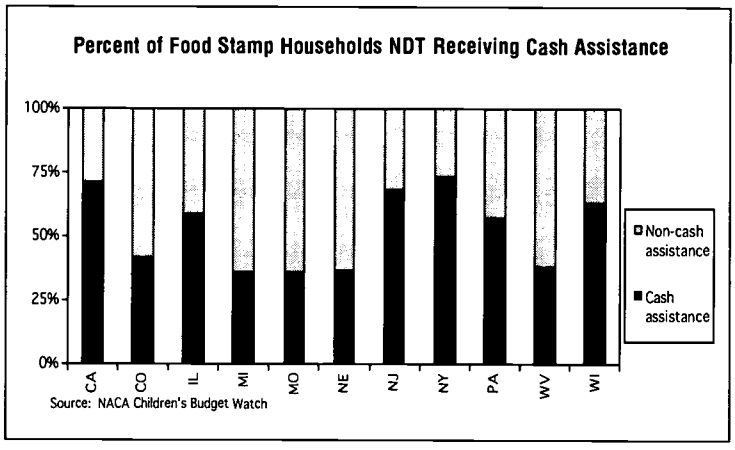


Chart 6-2

Although hunger can be experienced throughout the year, low-income children participating in school meals programs often fail to receive nutrition assistance to complement the school meals programs in the summer months. Using data from eight states, only 19% of children receiving free and reduced-price school lunches participated in the Summer Food Program. Participation rates of low-income children in summer food programs ranged from a low of 9% in California to a high of 41% in New York. Because the Summer Food Program is guaranteed to eligible individuals, it is apparent from the low number of children participating that states are failing to maximize the federal dollars available. The success of the Summer Food Program continues to depend on the ability of state administrations to enlist eligible sponsors to operate meal sites and to inform low-income parents of the availability of such sites. As with school lunch and school breakfast—also entitlement programs—if states can increase site and child participation, the federal dollars will follow.

Chart 6-3



- The percent of food stamp households not receiving cash assistance in 1995 ranged from a low of 27% in New York to highs of 64% in Michigan and Missouri.

In the states studied, the percentage of food stamp households not receiving cash assistance illustrates the role of the Food Stamp Program as a universal food security safety net. In fact, in some states, a large percentage of food stamp recipients are the working poor, the disabled, and elderly, and are not part of the welfare population. Along with this role as a basic safety net, the Food Stamp Program has an important role as a stabilizer during economic downturns. For example, the number of food stamp

recipients continued to rise from 1990 to 1995 in California, which had a slow economic recovery, while other states saw their food stamp caseload begin to decline after the economy rebounded in late 1993. This example shows the need for open-ended funding that can respond to a changing economy, as food stamps "filled the gap" for many families and other low-income individuals going through periods of financial struggle.

Future Trends

Decreases in federal dollars for the Food Stamp Program will place more children at risk for hunger and malnutrition, and states may be unable or unwilling to fill the gaps.

The new welfare act cuts $28 billion, or 20%, in food stamp benefits over six years, reduces the average value of food stamps from the current level of 80 cents per person per meal to 66 cents in 2002, and eliminates all food stamp benefits to most legal immigrants, including children. Households with incomes below half the poverty line will absorb almost half the food stamp cuts. The act also cuts close to $3 billion in federal dollars over six years from the other child nutrition programs, 85% of which will come from the Child and Adult Care Food Program (CACFP).[10]

States rely heavily on federal dollars for all nutrition programs. When the federal dollars are cut, the nutrition safety net is cut. Given the magnitude of the federal cuts to nutrition programs, there is little evidence to suggest that states are prepared for the decrease. Currently, states are failing to reach a significant portion of children who qualify for nutritional assistance. In California, for example, it is estimated that one in five eligible children do not receive food stamps.[11] When states have had the option of drawing down more federal dollars for entitlement programs by reaching more eligible recipients or discretion to contribute state money to serve more children in need, many states have failed to do so.

Historical data casts further doubt on states' willingness to give poor children nutritional assistance. According to a Consumers Union report, "In the early years of the Food Stamp Program, the states had wide discretion in determining who could receive food assistance and whether to provide it at all. The result: a patchwork of state food stamp standards in which assistance was denied to millions of poor families who needed help." For example, in 1970, the percentage of people in poverty who did not receive food stamps was 95% in New York, 87% in Missouri, 83% in Wisconsin, and 71% in Maryland and Kentucky.[12]

The repeal of AFDC and the end of any federal entitlement to cash assistance will affect food stamp distribution and worsen hunger and malnutrition among children of the poor and working poor.

The Food Stamp Program is based upon the premise that families cannot afford to spend more than 30% of their disposable income on food, and therefore, poorer families receive larger benefits. As a result, food stamp benefits increase some-

An Ounce of Prevention...

Studies have demonstrated the positive impact of school meals on test scores and on the incidence of tardiness and absenteeism among low-income students.

Source: *Hunger Doesn't Take a Vacation: A Status Report on the Summer Food Service Program for Children*, 4th ed., FRAC, Washington, DC, 1996.

On average, students receive one-fourth of their daily nutrient requirements from school breakfast.

Source: *School Breakfast Score Card: A Status Report on the School Breakfast Program 1994- 1995*, 5th ed., FRAC, Washington, DC, 1995.

Malnutrition and its negative impact on health and intellectual development are best avoided by a diet that supplies enough protein, calories, vitamins, and minerals to ensure normal growth.

Source: Brown and Pollitt, "Malnutrition, Poverty and Intellectual Development," *Scientific American*, February 1996.

Mothers with young children will be leaving public assistance in record numbers, but they will not be leaving poverty.

what as AFDC benefits decline. Nevertheless, food stamp benefits do not make up for state cuts in AFDC (see Chapter 1). When AFDC is cut, the increase in food stamp benefits makes up only $3 for every $10 in AFDC cuts. Under the new welfare act, cash assistance benefits will likely be cut for most poor families—if they are provided at all—and any cash benefits funded by the federal government will be time-limited. In most cases, the Food Stamp Program will only be able to fill 30% of the income gap created by the absence of cash assistance.

In addition, under the new welfare act, mothers with young children will be leaving public assistance in record numbers, but they will not be leaving poverty. An estimated 1.1 million additional children will drop below the poverty line as women with children lose income support benefits because of time limits, new program restrictions, and work requirements that leave them with low-wage jobs or no jobs at all.[13] Until now, it was relatively easy to reach the poorest women and children with food stamp benefits because they were on AFDC, and families could apply for both benefits at the same time. The repeal of AFDC, therefore, has not only eliminated the guarantee of cash assistance, it has erased a primary path through which this population gained access to the Food Stamp Program.

According to the Institute for Women's Policy Research, the population that cycles off AFDC is most apt to forgo food stamps.[14] Currently, the majority of eligibles not receiving food stamps are found among the working poor, the population most likely to increase in the next few years. In some cases, a percentage of the working poor are unaware that they're eligible for food stamps, while others are put off by the stigma of receiving assistance. In light of these developments, states will need to make special efforts to target mothers leaving welfare for the work force to encourage them to continue on the food stamp program. Combined nutrition program outreach and simplification of the application process may be feasible under the flexibility states are granted in the new welfare act.

Hunger and malnutrition, and their associated health and learning problems, will rise dramatically among legal immigrant children.

The new welfare act is particularly harsh to immigrant children. Most poor legal immigrants will be ineligible for food stamp benefits and other means-tested government programs, meaning some 300,000 immigrant children will lose all nutritional assistance.[15] While natural-born children of immigrants will remain eligible for the nutrition programs, they will be less likely to secure benefits because their parents will lose eligibility under the new law. These parents may not understand the complexity of the law that keeps their children eligible for benefits, or may be reluctant to pursue assistance in the current anti-immigrant atmosphere. Undocumented immigrants, including children, are already ineligible for most major means-tested benefits; however, child nutrition programs and WIC are notable exceptions.[16] Under the new welfare act, states could, however, bar undocumented immigrant children from many child nutrition programs, except the school lunch and breakfast programs. A few states with strong anti-immigrant sentiment may seek to take advantage of this option. However, because such action could

result in increased costs in Medicaid and other health-related services during the child's life, and because most of these children are automatically eligible for Medicaid, such actions should be questioned. To mitigate the effects of food stamp cuts and denial of other nutritional aid to immigrant children, states will need to develop aggressive outreach programs to get this population of children involved in any state-funded nutrition programs.

States will need to implement a strategy of both providing additional state support and maximizing available federal funds in child nutrition programs to make up for federal cuts to food stamps and the federal repeal of AFDC.

No single program in and of itself provides for an adequate diet for low-income children, but a combination of nutritional programs works. This will become increasingly important as the repeal of AFDC and major cuts in the Food Stamp Program, CACFP, and The Emergency Food Assistance Program (TEFAP) are likely to increase the incidence of hunger and malnutrition among children. States will have to utilize their own resources to fill the gaps created by these cuts, especially those related to immigrant children, and thus may not be able to invest significant funds into the other nutrition programs. Because of the scarcity of state resources, it will be increasingly important for states to fully utilize the federal programs available to them, including WIC, school lunch and breakfast, and the Summer Food Program.

For WIC, efforts could include expanding hours and locations of clinics, conducting intensive outreach campaigns, coordinating applications with other assistance programs, and aggressively seeking to maximize the savings states can receive in infant formula bulk purchase rebates. While states could invest their own dollars into the WIC program, only three of the states studied (and 14 nationwide) take this step. In addition, unrestricted state funds will likely be stretched thin with the

Smart Investments: School Breakfast

When mothers say, 'eat your breakfast,' they're really on to something. Studies over the last 30 years have verified this bit of common sense by demonstrating a marked relationship between learning capabilities and how recently one has eaten. So a bowl of cereal and glass of juice can pay off in academic dividends for the more than five million low-income kids participating in the School Breakfast Program. But five million is just the "tip of the iceberg" when it comes to the number of kids still needing a nutritional jump start in the morning. Studies have shown that low-income students are more likely than others to skip breakfast and are, therefore, more likely to benefit from a School Breakfast Program. As a result, most of the states studied in our survey made some effort to expand school breakfast. If Kentucky's strategy to boost school participation was unusual, it was also unusually successful.

In 1994, advocates in Kentucky pushed for a universal mandate requiring all schools participating in school lunch to also offer breakfast. While that goal fell short, the state legislature did manage to pass a "state reporting requirement" that requires all schools that do not participate in school breakfast to report on any reasons and problems that inhibit participation. Apparently enough school districts found serving kids breakfast more appealing than filling out forms. The result: the number of schools participating in school breakfast rose 3.7% from 1994 to 1995, for a total of 86% of schools participating in the state. More importantly, according to Debra Miller of Kentucky Youth Advocates, those increases positively affected school districts with high numbers of low-income kids. According to a Food Research and Action Center (FRAC) study, the improvement in low-income student participation rates between 1994 and 1995 brought Kentucky up from a national ranking of 38 in participation rates of low-income students in school breakfast to a national ranking of four.

Sources: Brown and Pollitt, "Malnutrition, Poverty and Intellectual Development," *Scientific American*, February 1996; Kentucky Youth Advocates, Louisville, KY; and the *School Breakfast Score Card: A Status Report on the School Breakfast Program, 1994-1995*, FRAC, Washington, DC.

added demands of the new welfare act. Perhaps more importantly, states do not always maximize the ample federal funds that are available because they cannot reach the entire eligible population: in this study, no state reached more than 80% of its eligible population, and some states were able to serve only half of the eligible population.

States should also make use of a variety of tools to expand school lunch and breakfast programs, including start-up funds, financial incentives, and universal or limited mandates to increase participation. States can close the gap on the number of children who go hungry during the summer months by recruiting more sponsors to participate in the Summer Food Program and by encouraging participation by individuals. If states work hard to get the most out of all federal nutrition programs, they could improve the lives of children, promote a stronger future work force, and save scarce resources by avoiding future health costs.

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CHAPTER SEVEN:

Looking Ahead: Risks and Responsibilities in a Time of Change

States and the nation are entering a period of rapid and profound transformation in the services and systems supporting this country's most vulnerable families. The passage in the summer of 1996 of the new welfare act is only the latest, albeit the most dramatic, shift in the way the public and policy makers view the respective roles of the federal government, states, communities, and families in ensuring the well-being of children. The push to "devolve" decision making about, and responsibility for, services that support children and their families to states and localities has been gathering momentum for several years and currently shows little sign of abating.

In this era of significant change, it is important that states make informed decisions about reorienting their systems for serving and supporting children and their families. While many state and national groups have drawn attention to the impact of state choices, typically these analyses have looked at changes and their effects system by system and population by population. This study documents the significant role of federal funding in supporting a broad range of programs and services at the state level and also gives a sense of the cumulative impact that federal and state choices will have on struggling families. The findings of the study are sobering, as they demonstrate that, across the board, states in the past five years have failed to make the choices and the investments necessary to ensure the well-being of children and families.

As states move to implement the new welfare act, the risks and responsibilities are great. Because the primary purpose of the new welfare act is to move parents into the workforce, not to protect children, it is now up to the states to ensure that their programs and policies match their promises to safeguard children now

The findings of the study are sobering, as they demonstrate that, across the board, states in the past five years have failed to make the choices and the investments necessary to ensure the well-being of children and families.

and in the future. The choices states will be making in the coming months and years will profoundly affect the status of children and the ability of families to be self-supporting, as well as the future strength of state economies. The right choices can help struggling families raise their children well, help parents make the transition into the work force, and help families achieve long-term self-sufficiency. The wrong choices, on the other hand, will have dire consequences for individual children and families, as well as for American society and our future global competitiveness.

States have long argued that they need more flexibility in federal programs in order to run efficient and responsive service systems. With the passage of the new welfare act, states have been granted this flexibility over key safety net programs. With this new flexibility will come difficult choices, including decisions about:

Income supports: While the new welfare act sets some parameters for state public assistance programs, states are now largely free to design their own public assistance programs. For example, states can, if they choose, establish more stringent requirements than those contained in the statute regarding eligibility, time limits, and work participation. In addition, states will be free to determine the nature and level of any cash benefits, including whether to provide cash assistance at all. *If states are to protect children, they will need to exercise options available to them under the new welfare act, such as exempting mothers with children under age one from work participation requirements and counting part-time work as meeting work participation requirements for parents of children under age six. States will also need to use state funds to provide assistance to families ineligible for federally funded assistance under the Temporary Assistance for Needy Families Block Grant (TANF), especially families at risk of homelessness and children at risk of out-of-home placement for poverty-related reasons. In addition, they will need to formulate policies and programs that create jobs and assist public assistance recipients in obtaining and maintaining employment that pays a living wage. Finally, states will need to make work pay by taking steps to ensure a humane standard of living for children, including such things as establishing higher state minimum wages, expanding unemployment compensation systems, and supplementing the pay of low-income workers through state earned income credits.*

Child care: The work participation requirements of the new welfare act will force many into low-wage jobs and place far greater demands on states' child care systems, including a greater demand for subsidies and for child care for parents working evenings and weekends. It is by no means clear that states are prepared to meet this increased demand, either in terms of supply or in terms of subsidies, despite some increases in federal child care funding. *If states are to protect children, they will need to allocate sufficient block grant funds and state dollars to provide subsidies that reflect the true cost of high quality care, thereby ensuring parents' ability to choose quality settings for the care of their children. This will require states to make hard choices about the allocation of federal and state funds for child care and to strike a balance between assistance that helps parents on welfare make the transition into the work force and assistance that helps the working poor maintain employment. In*

addition, states will need to better integrate child care with existing early childhood education programs such as Head Start.

Health care: Even with recent expansions of Medicaid eligibility for children, the country is experiencing a rapid increase in the number of children without health insurance. The increase is being driven in large part by the loss of employer-sponsored dependent coverage in exactly the types of jobs that the working poor are likely to have and welfare recipients are likely to get. In addition, the new welfare act effectively severs the link between receipt of public assistance and Medicaid coverage, meaning that states will be facing new issues related to coverage and outreach. *If states are to protect children, they will need to further expand Medicaid eligibility to cover additional low-income children, ensure that children eligible for Medicaid are enrolled in the program, and use state funds to finance health insurance for uninsured children not eligible for Medicaid.*

Nutrition: The federal role in supporting key services to children is the most significant in the area of nutrition, with the federal government providing most or all of the funding for a range of nutrition programs serving vulnerable children. However, decreases in federal funding for food stamps and restrictions on eligibility for legal immigrant children will place more children at risk for malnutrition and its associated health and learning problems. In addition, the repeal of Aid to Families with Dependent Children (AFDC) and any entitlement to cash assistance is likely to have a negative impact on food stamp enrollment. *If states are to protect children, they will need to supplement federal funds with state funds to provide nutrition services to immigrant children not eligible for food stamps. States will also need to take steps to maximize all federal child nutrition programs, including measures to ensure the enrollment of all eligible children into the Food Stamp Program, outreach to ensure full participation in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and the implementation of mandates or incentive programs to ensure full participation in the school lunch, school breakfast, and summer food programs.*

Child support enforcement: States face a range of new mandates, as well as a wide array of choices regarding child support enforcement, including decisions about what constitutes cooperation, what mechanisms to use to enforce child support orders, and how support payments will be distributed to families. *If states are to protect children, they will need to design effective child support enforcement systems that hold non-custodial parents responsible for supporting their children and help families maintain a humane standard of living. In addition, states should continue or increase the $50 child support pass-through to families and consider initiating child support assurance systems to provide a stable source of child support even when payments are not forthcoming from non-custodial parents. Finally, states will need to implement paternity establishment systems that do not penalize or endanger children.*

Education, training, and employment: With the Job Opportunities and Basic Skills (JOBS) Program folded into TANF, funding for employment and training will now need to compete with funding for income supports, child care, and other services to poor families. In addition, federally mandated work participa-

tion requirements and new federal restrictions regarding education and training programs will likely mean that parents will have less access to the types of services that can help them achieve long-term self-sufficiency. *If states are to protect children, they will need to allocate sufficient funds from the finite resources of their federal block grants and their state funds to support effective education and training services and will need to create the volume of jobs necessary to put people to work, while ensuring that employment provides a living wage.*

Services to legal immigrants: The provisions of the new welfare act that affect legal immigrants are among the most political and the most punitive in the statute and are based on an extremist view not reflective of the public's ambivalence about the issue. The majority of the savings achieved under the law result from the provisions affecting immigrants. The true effect of the restrictions will be felt by states and communities in the coming months as these mandatory provisions take effect, eliminating key sources of support for immigrant children and families including Supplemental Security Income (SSI) and food stamps. The human impact is likely to be harsh, and the added costs that will be incurred by states and localities are likely to be great. *If states are to protect children, states must exercise options available to them that can mitigate the impact of the immigrant restrictions (e.g., enacting state laws to permit immigrants to receive state and local benefits) and preserve the availability of some critical services and supports for immigrants. At the same time, states must decline to exercise those options that harm children (e.g., applying deeming rules to state or local benefits programs or barring TANF, Medicaid, or SSBG benefits to legal immigrants now receiving them) merely to cater to bias and prejudice. In addition, states will need to step up their own spending for those families effectively cut off from federally supported assistance in order to protect public health and to ensure an adequate level of support for needy children and families.*

Children at risk: One possible result of the implementation of the new welfare act is an increase in out-of-home placements for children as economic stresses on families lead to increases in the incidence of neglect. States will need to take affirmative steps to ensure that children do not enter foster care solely for economic reasons. Another impact of state choices that increase child poverty could be a greater number of children who are either victims or perpetrators of crime. If states are to protect children, they will need to dramatically improve their ability to identify children at risk and strengthen their ability to respond effectively to the needs of children and families through expanded prevention programs.

In addition, there are numerous other special populations whose needs are not adequately addressed in the federal statute and for whom states will need to make special provisions. Among these are parents who are disabled, parents who must remain home to care for a disabled child, parents who are victims of domestic violence, and families living in isolated or distressed communities without access to adequate education, training, employment, or transportation.

Ameliorating the harshest effects of the new welfare act will require states to do more than merely shift resources among current human services expenditures cat-

egories. States will need to examine their current spending patterns and be willing to make the investments necessary to support working families and safeguard child well-being. States will also need to examine the advantages of investing in prevention versus spending primarily on services that address problems only after they have reached the crisis stage. The current imbalance between these competing priorities is perhaps most evident in states' juvenile justice systems, where only 11% of spending goes to support prevention services, but the same imbalance can be seen in other areas of state spending.

In implementing the new welfare act and other human services restructuring, states essentially have two options: a race to the bottom or making the investments necessary to ensure a bright future, both in terms of child well-being and the productivity of their future work force.

The implementation of the new welfare act may be the most significant shift in state supports for struggling families, but it is not the only one taking place in states. Many states are engaged in comprehensive restructuring of their human service systems, using a variety of approaches such as privatization, the application of managed care principles, and the transfer of decision making and authority to the local level. While some of these changes are driven by a desire to improve services, many are driven by fiscal pressures as states try to find ways to "do more with less."

In implementing the new welfare act and other human services restructuring, states essentially have two options: a race to the bottom or making the investments necessary to ensure a bright future, both in terms of child well-being and the productivity of their future work force. Unfortunately, the new welfare act includes some perverse incentives that may distract states from actions needed to support struggling families and that may encourage the adoption of policies that are not in the best interests of children. For example, it is likely that states will be developing elaborate tracking systems to avoid federal sanctions and, in some cases, to compete for federal "bonuses" available to states meeting certain targets. Not only will the purpose of these new tracking systems be, in many cases, to keep needy families out of programs, but the energy, time, and resources devoted to the development of these systems will be diverted from true services and supports for families. In addition, the new act rewards states for placing public assistance recipients into jobs, but makes no distinctions between successful placements and those likely to fail, or between jobs paying below-poverty wages and those providing a humane standard of living. States can choose to respond to these and other incentives in the new welfare act that reward "quick fixes," or they can make the choices and the investments needed to help families move toward long-term self-sufficiency.

Although there is substantial cause for concern about the choices states will make, there is also some reason for hope. Several states have demonstrated leadership and are moving to ensure that all low-income families have access to key supports and services. For example:

> ***Massachusetts*** stands alone as the only state in the nation to guarantee access to affordable health insurance to every child in the state. Landmark legislation enacted in the summer of 1996 ensures access to health insurance for all children through a combination of Medicaid eligibility expan-

sions and expansion of the Children's Medical Security Plan, a state-financed program that provides free or low-cost health insurance to children not eligible for Medicaid. The funding source for these expansions will be a combination of increased federal reimbursements made to the state through a federal waiver of existing Medicaid eligibility limitations and a 25-cent-per-pack increase in the state cigarette tax that will fund a "Children's and Seniors' Health Care Assistance Fund."

Rhode Island is the only state in the nation to ensure access to subsidized child care for all working poor families. This year, state officials in the executive branch and the state legislature made a commitment to eliminate the waiting list for child care subsidies for working poor families and allocated additional state funding to accomplish this. Now any Rhode Island family that meets the eligibility requirements (185% of the federal poverty level) can receive a child care subsidy, with the state spending whatever it takes to provide this critical support to working families.

This report contains other examples of positive state investments that are making a difference in the lives of children across the country. These and other innovative state programs should provide both motivation and guidance for states as they reorient their service systems to better serve children and families.

Although some states may be willing, there is reason for serious concern about both the readiness and the ability of most states to fully and adequately protect children. As this study shows, states often fail to put in place policies that support vulnerable children and families or to take the steps necessary to maximize the resources available for children. In addition, continuing state fiscal pressures will force states to make difficult choices in the coming months and years about the use of public funds. As states move to implement the provisions of the new welfare act and restructure their service delivery systems, there is much they can do to mitigate the harsh effects on children and families. Finding effective and humane solutions to the serious problems facing children will require moving toward a true state-federal partnership that holds each level of government accountable for the well-being of children.

APPENDIX A:

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APPENDIX A: *(continued)*

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APPENDIX B:

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Department of Education: Ginger Huffman, Caroline Meadows

APPENDIX C:

Program Descriptions

(See Chart D-7, Appendix D, for federal budget figures for these programs, FY90, FY95, and FY96.)

CHILD CARE

The (former) Child Care and Development Block Grant (CCDBG) funded state efforts to provide child care for low-income family members who worked, trained for work, or attended school or whose children were receiving or needed to receive protective services. CCDBG also increased the availability of early childhood development and before- and after-school care services. Most of the children served were under age six. A very small portion of CCDBG expenditures went to improving quality of child care. CCDBG was a discretionary program requiring no match from the states. CCDBG was altered by the new welfare act (see description for the amended CCDBG).

The (Amended) Child Care and Development Block Grant is the new child care funding stream created under the new welfare act. A capped funding stream, it replaces the IV-A Child Care program (see below). It consists of three funding components. The first, which is discretionary, is equal to the amount the state received under the former CCDBG (see above). In order to be eligible for the remaining funding, states must maintain their FY94 or FY95 child care spending levels, whichever was greater. The second component, the base allocation, equals the federal share of IV-A funding for the year in which the state received the highest amount: FY94, FY95, or the FY92-95 average. There is no requirement for a state match. The third component, "remainder funds," are available, subject to matching at the state's 1995 FMAP rate. The amount available to a state depends on the number of children 12 or under in the state. Under the new welfare act, individuals no longer have an entitlement to child care.

Social Services Block Grant (SSBG) provides federal funds to the states to help low-income people achieve economic self-sufficiency, including child care subsidies; prevent or remedy abuse and neglect; and provide services for the physically, mentally or emotionally disabled. States determine the services, distribution method, and eligibility requirements. Funding for this program was reduced in the new welfare act.

Title IV-A Child Care Programs encompassed three federally funded programs: 1) **Child Care for AFDC Recipients** paid for child care for working recipients and for those participating in education and training programs, including the Job Opportunities and Basic Skills (JOBS) program; 2) **Transitional**

Child Care (TCC) provided up to 12 months of child care to working AFDC recipients upon loss of AFDC eligibility due to an increase in hours or earnings and was paid for by recipients on a sliding fee scale; and 3) **At-Risk Child Care (ARCC)** assisted the working poor who might have fallen back onto AFDC if they had not received child care subsidies based on a sliding fee scale. Most children served in the AFDC/JOBS program were under age six. State matching funds were required for AFDC child care, TCC and At-Risk Child Care. The new welfare act repealed the IV-A child care programs.

CHILD WELFARE

Title IV-B Child Welfare Services and Family Preservation and Support Services is divided into two parts. Part I—Child Welfare Services—provides discretionary funds to states to establish, extend, and strengthen child welfare services for abused, neglected, homeless and otherwise troubled children under 21 years of age and their families without regard to income. Part II—Family Preservation and Support programs—provides federal funds for states to assess their family preservation needs and to make a plan for creating community-based programs that help prevent the need to remove children due to abuse or neglect and that safely reunite families that have been separated. Examples of such services are parenting classes and support groups for pregnant teens and new mothers.

Title IV-E—Foster Care, Adoption Assistance, Child Abuse Prevention, Independent Living funds foster care maintenance payments, foster care training and administration, child abuse preventive services, independent living, and adoption services. Title IV-E remains an open-ended individual entitlement, providing states with matching funds for each eligible child in out-of-home care. The federal government sets each state's maintenance payment level at its Medicaid match rate, which is based on the state's per capita income.

Child Abuse Prevention and Treatment Act (CAPTA) is a federal funding stream to be used by the states to improve and expand services for the prevention and treatment of child abuse and neglect. The four components—Basic State Grants, the Discretionary Program, the Child Abuse Challenge Grants and the Children's Justice Grant Program—are administered by the National Center on Child Abuse and Neglect and were funded for $69 million in 1992. There is no state match required.

HEALTH

Children's Health Insurance Programs Financed by State or Private Sources are increasingly used to cover some of the growing number of children who are not eligible for Medicaid but who are not covered as dependents under employer-based plans or other private insurance plans. In addition to state-financed children's health insurance programs, some children's health insurance programs are financed by foundations and health insurers.

Medicaid, enacted in 1965 as Title XIX of the Social Security Act, is a state-administered entitlement program that requires the federal and state governments to pay for health care coverage for those who meet the eligibility requirements. Coverage for some populations is mandatory if states are to receive federal Medicaid funds, coverage for others is at a state's option. Eligible groups include but are not limited to families receiving AFDC, pregnant women, the disabled, and low-income elderly. Children under 21 made up almost 57% of the Medicaid population in 1994. States may obtain waivers that free them from some federal requirements, and many are doing so, particularly in the area of managed care. Federal and state expenditures on Medicaid vary widely across states because of different federal matching rates and state choices about program design and eligibility. The **Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT)**, part of Medicaid, mandates that states both ensure access to and cover the costs of screening examinations, including physical/developmental, vision, hearing and dental exams for children enrolled in Medicaid, as well as any medically necessary follow-up care based on those examinations.

Title V Maternal and Child Health Block Grant Program (MCH BG) was created in 1981 to improve the health of all mothers and their children by providing quality prenatal and postpartum care, increased childhood immunizations and preventive and primary care for children. Roughly 85% of the funds appropriated are in block grants to the states, and 15% of the funds are in discretionary grants. States must provide a three dollar match for every four dollars of federal funding, with "in-kind" matching permitted.

INCOME SUPPORT

Aid to Families with Dependent Children (AFDC), initiated in 1935, was the nation's largest cash assistance program serving needy families with children, predominantly single-parent families; nationally, 69% of AFDC recipients were children. AFDC was funded jointly by the federal and state governments. Eligibility for benefits was based on the income and resources available to the recipient. Eligibility was limited to children deprived of parental support or care, and certain others in the child's household. All eligible individuals had a legal entitlement to receive benefits. The new welfare act repealed AFDC.

- The **Temporary Assistance for Needy Families Block Grant (TANF)**, created by the new welfare act, allows states to use federal funds to provide cash assistance in the manner of AFDC, but does not create an entitlement to aid. TANF also imposes work requirements on families and a five-year lifetime cap on benefits. States have until July 1, 1997, to submit a state plan and begin implementing the TANF block grant, but the maximum funding a state may receive in FY97 is its block grant allocation, which is based on past spending for the programs repealed by TANF. Block grant allocations remain essentially frozen through FY 2002.

IV-D Child Support Enforcement (CSE) programs are state systems that help parents obtain child support by locating non-custodial parents, establishing paternity, and obtaining, enforcing, and modifying child support orders, and collecting payments. Title IV-D of the Social Security Act requires states to operate such programs. All cash assistance recipients assign their child support rights to the state, and enforcement of support for their children is handled through the IV-D program. The program also enforces child support for children in foster care and individuals not receiving aid who apply for state child support enforcement assistance. IV-D is jointly funded by federal and state governments.

Earned Income Credit (EIC) is a federal refundable tax benefit for working people who earn low or moderate incomes. It is designed to reduce the tax burden on such workers, to supplement wages, and to make work more attractive than welfare. The EIC is primarily targeted to families. In addition to the federal EIC, some states implement a state EIC.

Job Opportunities and Basic Skills (JOBS) Program, established in 1988, marked a fundamental shift in welfare policy. It required recipients, with some exceptions, to pursue job training, work experience, and education. JOBS provided such support services as child care and transportation. JOBS was a capped entitlement. The program was repealed by the new welfare act.

Supplemental Security Income for the Aged, Blind and Disabled (SSI), enacted in 1972, is a cash-assistance entitlement program funded and administered by the federal government. Its purpose is to guarantee a minimum level of income to people who are elderly, blind or disabled. SSI has been significantly altered by the new welfare act.

JUVENILE JUSTICE AND YOUTH CRIME PREVENTION

Juvenile Justice Delinquency Prevention Act (JJDPA), first enacted in 1974, provides assistance to states and community agencies to improve their ability to serve delinquent youth and to prevent youth from becoming delinquent, and also provides for a federal role in research, demonstration, training, and technical assistance on juvenile justice and delinquency prevention. In addition, JJDPA plays a funding role in enforcement of requirements that states remove juveniles from adult jails, separate juveniles from adults, deinstitutionalize status offenders, and address minority overrepresentation in juvenile confinements.

Summer Youth Employment and Training Program/Title II-B provides short-term job training, employment, and academic assistance to poor youth ages 14 to 21.

Year Round Program for Youth/Title II-C provides long-term, high-intensity training for low-income youth both in and out of school, ages 16 to 21, and for hard-to-serve teens who are pregnant or parenting, disabled, homeless or run-away, suffer skill deficiencies, or are involved with the juvenile justice system.

Byrne Grant program (also known as the Drug Control and System Improvement Formula Grant Program) is administered by the Department of Justice and provides federal grants to states for a variety of adult or juvenile programs which target crime reduction. States can use the funds for a number of purposes, including gang reduction, drug prevention education and alternatives to detention.

NUTRITION

Child and Adult Care Food Program (CACFP), started in 1975, provides healthy meals and snacks to poor and near-poor children and families. The federally funded program operates in child care centers, family and group day care homes, and some adult day care centers. Federal reimbursements for this program have been cut and altered through the new welfare act.

The Emergency Food Assistance Program (TEFAP) was created in 1981 to respond to hunger crises caused by economic recessions. Though federal dollars are allocated to a state agency, food distribution is often the responsibility of food banks and shelters. States set the criteria for eligibility. The program is discretionary and funded through annual appropriations.

Food Stamp Program, serving 27 million Americans every month, is the most important anti-hunger program in America. Benefits are issued via monthly allotments of redeemable food coupons or monthly allotments coded onto debit cards. Over half of all recipients are children age 17 and under; 40% of children participating in the program are age four or under. More than 80% of benefits go to households with children. The federal government funds the cost of food stamps, while states share evenly in the administrative costs. The Food Stamp Program has remained an open-ended entitlement under the new welfare act.

National School Lunch Program (NSLP), created in 1946, provides federally subsidized meals in more than 93,000 public and nonprofit private schools and residential child care institutions. Any child, regardless of family income, can purchase a meal through NSLP, though 55% receive free- or reduced-price meals based on family income. NSLP serves 25 million children each day.

School Breakfast Program (SBP), authorized in 1975, provides states with cash assistance to "initiate, maintain, or expand" breakfast programs for all children in eligible schools and residential child care centers; 87% of participants qualify for free- or reduced-price meals.

Special Supplemental Food Program for Women, Infants, and Children (WIC), instituted in 1975, is a federally funded program designed to improve the health and nutrition of low-income pregnant women, new mothers, infants and children up to age five by providing food or food vouchers, education, and access to health care.

Summer Food Service Program for Children (SFSP), established in 1968, provides meals during vacation periods when school is out of session to children 18 and under who are at-risk for malnutrition or hunger. SFSP is operated by a variety of public and private community sponsors who apply for eligibility and are reimbursed by the federal government. All eligible children attending a summer food site receive free meals.

Sources: Center on Budget and Policy Priorities; *The CWLA State Book, Child Abuse and Neglect: A Look at the States;* NACA publications and staff; the Food Research and Action Center; *Targeting Youth: The Sourcebook for Federal Policies and Programs; Preventing Crime & Promoting Responsibility;* U.S. Department of Agriculture; and U.S. Department of Health and Human Services.

APPENDIX D:

Auxiliary Charts and Health Care Data Sources

From 1990 to 1995, an increasing percentage of state general funds was used to finance Medicaid and corrections. While cash assistance and education funding remained relatively stable, many children's services received a decreasing share of the general fund. These services, such as child care, juvenile justice, youth development, and non-Medicaid health care, are all part of the "Other" category that became a smaller share of state general funds over the five-year period, though expenditures for some of these areas may have increased in that time.

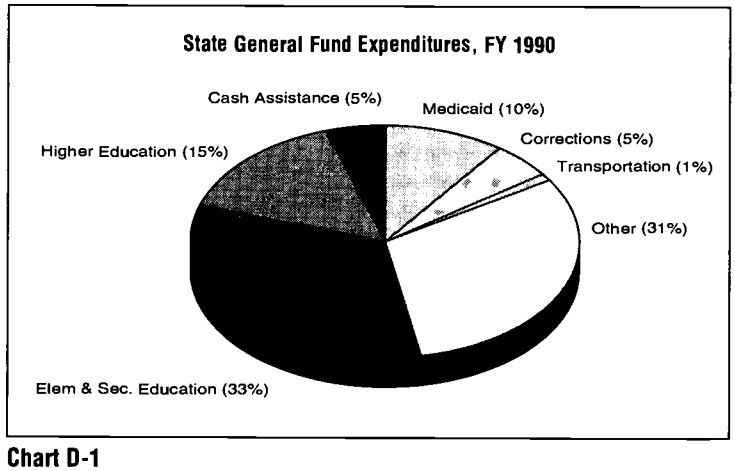

Chart D-1

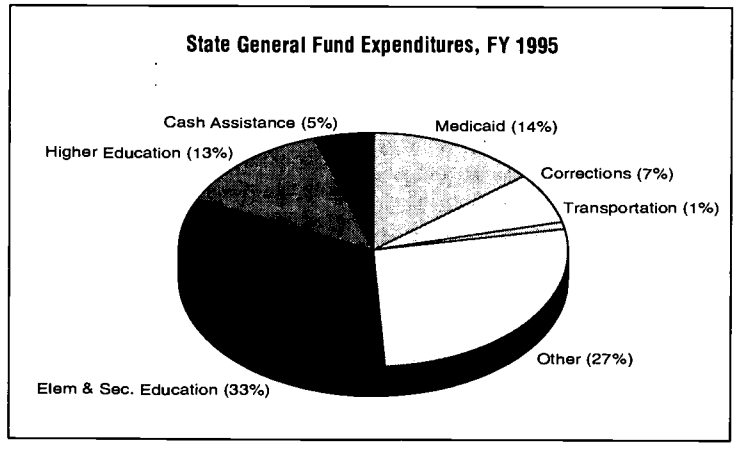

Chart D-2

Expenditures on Selected Programs for Children, as a Percent of Total State Expenditures and by Source of Funding, FY 1995					
	Total State Expenditures	Expenditures on Selected Children's Programs	% of Total State Expenditure, by Type of Funding		
	(in millions)	(in millions)	state unrestricted	state match	federal
IL	25,719	3,977	0.3%	5.7%	9.5%
CA	85,341	13,947	0.8%	6.2%	9.4%
NY	60,121	8,491	0.6%	5.3%	8.7%
MI	26,568	3,224	0.2%	3.5%	8.6%
WV	8,039	721	0.1%	1.6%	7.3%
MO	11,578	1,117	0.0%	2.3%	7.3%
PA	31,326	3,525	0.4%	3.8%	7.3%
KY	11,413	1,024	0.3%	1.6%	7.0%
NE	4,087	383	0.2%	2.3%	5.7%
CO	8,150	564	0.1%	1.8%	5.0%
WI	16,074	1,052	0.1%	2.0%	4.4%
NJ	23,021	1,608	0.2%	2.5%	4.2%
Source: NACA Children's Budget Watch, NASBO 1995 State Expenditure Report					

Chart D-3

How to interpret this chart: The above chart is a representation of the scope of state and federal investment in selected programs serving children and families, as a percent of total state expenditures, in the 12 states studied in the Children's Budget Watch Project. The data for Missouri does not include federal or state expenditures for child care programs. The chart portrays the wide disparity between the use of federal and state funds used for children's programs within these states. For example, in 1995, 9.5% of total state expenditures in Illinois were federal funds for selected children's programs, 5.7% of total state expenditures were state dollars that were part of a required state match, and 0.3% were unrestricted state funds.

Total Expenditures on Selected Programs for Children, by Source of Funding, FY1995				
	Total Expenditures on Selected Programs (in millions)	State unrestricted	State match	Federal
WV	721	1.4%	18.4%	81.4%
KY	1,024	4.1%	18.3%	78.2%
MO	1,117	0.0%	24.0%	76.0%
CO	564	1.6%	26.5%	72.7%
MI	3,224	1.6%	28.6%	70.8%
NE	339	2.3%	27.7%	68.7%
WI	1,052	2.0%	30.6%	67.8%
PA	3,525	3.9%	33.5%	64.7%
NY	8,491	4.0%	37.5%	61.4%
IL	3,977	2.2%	37.0%	61.3%
NJ	1,608	3.3%	35.6%	60.5%
CA	13,947	4.6%	37.9%	57.4%
Source: NACA Children's Budget Watch, NASBO 1995 State Expenditure Report				

Chart D-4

How to interpret this chart: The above chart is a representation of the relative shares of state and federal investment in selected programs serving children and families in the 12 states studied in the Children's Budget Watch Project. The data for Missouri does not include federal or state expenditures for child care programs. This chart highlights the large federal role in spending for children's programs within these states. For example, 81.4% of expenditures in West Virginia for selected programs serving children came from the federal government. Another 18.4% was state money that was required to draw down federal funds, and only 1.4% was unrestricted state funds. Totals may not add to 100% due to rounding and methodology (see next page).

Comments for Charts D-3 and D-4: There are several caveats of which the reader should be aware when reading charts D-3 and D-4. We have included only the following programs: AFDC, At-Risk Child Care, AFDC Child Care, Transitional Child Care, state child care tax credits, the Child Care and Development Block Grant, Child Care subsidized through the Social Services Block Grant, state-only low-income child care programs, Medicaid, Maternal and Child Health (MCH) programs, state health insurance programs for children, the Food Stamp Program, National School Lunch Program, School Breakfast Program, Summer Food Service Program, and the Child and Adult Care Food Program. This lists covers the major programs serving children, but can only convey the broad outline of spending on children's programs. It does not include education (which is 31% of the average state general fund) or smaller programs not mentioned above. Further, only federal and state dollars are included, while some programs may in fact be partially funded at the local level.

While an attempt was made to separate funding into the three categories indicated, there are some instances (e.g., child care through SSBG) in which the funding was included as both state unrestricted (as states have discretion over this money) and federal, leading to a small double-count. Although the level of error caused by this methodology is not large enough to alter the general patterns, it is still important to note. In the case of MCH funds, state dollars that were in excess of the match mandated by the MCH Block Grant were counted as state unrestricted funds, while the remainder was counted as state match. In the child nutrition programs, state dollars for WIC, the school meals programs, SFSP, and CACFP were counted as state unrestricted funds, while state administrative costs for the Food Stamp Program were counted as state match dollars. Federal dollars expended on the Food Stamp Program are not actually a portion of total state expenditures, and their inclusion in the above chart is only to portray the relative scope of these federal dollars compared to total state expenditures.

Sources:
NACA Children's Budget Watch, Kaiser Commission on the Future of Medicaid, NASBO 1995 State Expenditure Report, U.S. Department of Agriculture, American Academy of Pediatrics, Urban Institute, U.S. Department of Health and Human Services.

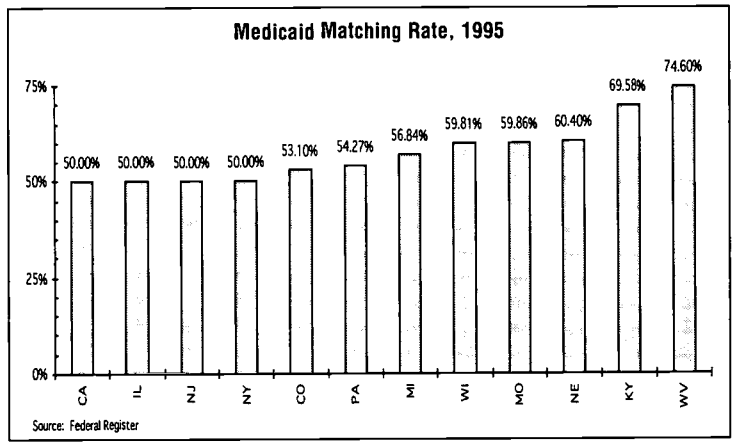

Chart D-5

The Medicaid Matching Rate is the rate at which the federal government shares the cost burden of certain federal programs with the states. This rate, also known as the FMAP (Federal Medical Assistance Percentage), was used for AFDC and is used for programs such as Medicaid, Title IV-A Child Care, and Title IV-E Foster Care, and is based on the per capita income of the state. According to the chart above, the federal share of these programs was 50% in California, Illinois, New Jersey, and New York, while it was almost 75% in West Virginia.

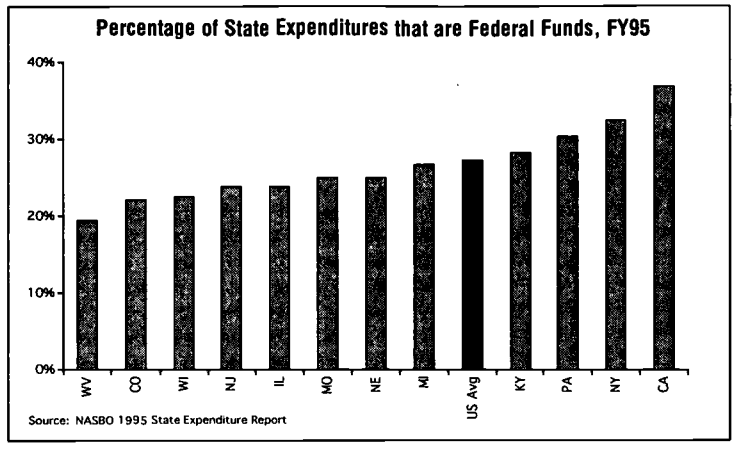

Chart D-6

Federal funds constitute a significant part of total state expenditures. In 1995, the national average was 26%, meaning that more than one-quarter of the funds spent by states were federal.

Federal Appropriations for Selected Programs Serving Children and Families
(all figures in millions of dollars and in 1995 constant dollars)

Program	FY90	FY 95*	FY96	Change, FY90-FY95	Change, FY95-FY96	Comments
Medicaid-total**	47,586.2	88,438.4	93,226.3	85.8%	5.4%	
Medicaid (grants to states)**	45,135.0	84,835.7	89,591.5	88.0%	5.6%	
Food Stamps**	17,532.8	28,830.7	26,321.1	64.4%	-8.7%	
AFDC**	11,725.0	12,424.1	12,626.4	6.0%	1.6%	
Chapter 1	5,255.6	7,218.0	7,012.1	37.3%	-2.9%	
School Lunch**	3,777.4	4,587.6	4,303.0	21.4%	-6.2%	
Child Welfare IV-E**	1,722.9	3,597.4	4,198.3	108.8%	16.7%	
Medicaid (admin)**	2,451.2	3,602.7	3,634.7	47.0%	0.9%	
WIC	2,480.9	3,470.0	3,623.1	39.9%	4.4%	
Head Start	1,815.0	3,534.0	3,467.7	94.7%	-1.9%	
Child Support	2,186.9	2,368.0	2,313.7	8.3%	-2.3%	
Social Services BG	3,214.3	2,800.0	2,312.8	-12.9%	-17.4%	
Child & Adult Care Food**	952.5	1,470.2	1,622.1	54.4%	10.3%	
School Breakfast**	691.8	1,181.8	1,126.8	70.8%	-4.7%	
Emergency Assistance	192.8	864.0	946.1	348.0%	9.5%	
CCDBG	-	934.6	907.8	na	-2.9%	not enacted until FY91
AFDC Child Care**	157.9	666.0	713.0	321.8%	7.1%	
MCH Block Grant	550.4	581.4	560.5	5.6%	-3.6%	
Summer Youth (JTPA)	829.6	867.1	607.1	4.5%	-30.0%	
Child Welfare IV-B	295.4	442.0	488.0	49.6%	10.4%	
Birth to Three (Part H)	51.6	315.^	306.7	511.9%	-2.8%	
At-Risk Child Care	-	357.0	291.4	na	-18.4%	not enacted until FY91
Summer Food**	191.2	254.6	272.3	33.2%	6.9%	
Transitional Child Care	142.7	199.0	213.7	39.5%	7.4%	
OJJDP	88.4	155.3	144.2	75.7%	-7.1%	
Discretionary Subtotal	**17,058.1**	**23,779.3**	**23,431.5**	**39.4%**	**-1.5%**	
Entitlement Subtotal	**84,480.2**	**142,006.8**	**144,914.3**	**68.1%**	**2.0%**	
Total	**101,538.4**	**165,786.1**	**168,345.8**	**63.3%**	**1.5%**	

* These are FY 1995, post-rescission appropriations
** Appropriation levels for entitlements are useful only to portray the scope of a program as they are estimates based on projected need.
Source: NACA Children's Budget Watch

Chart D-7

While federal spending for programs serving children and families had increased steadily from 1990 to 1995, the 1996 federal budget battle led to a modest 1.5% increase for these programs from 1995 to 1996. This increase was largely due to increases in entitlement spending for Medicaid, while discretionary programs actually were cut 1.5%.

Health Care Data Sources

Expenditures on Medicaid

For most states, data supplied by NACA member organizations were used for total Medicaid expenditures and Medicaid expenditures on children, but in some states, data were either missing or could not be reconciled with data from national sources. In the following states, state data were supplemented with data from national sources: California, where data supplied by the American Academy of Pediatrics were used to estimate Medicaid expenditures on children in 1990; Kentucky, where data supplied by the Urban Institute were used for total Medicaid expenditures in 1990 and 1994; New York, where data supplied by the American Academy of Pediatrics were used to estimate Medicaid expenditures on children for 1990 and 1994; Pennsylvania, where data supplied by the American Academy of Pediatrics were used to estimate Medicaid expenditures on children in 1990; and Wisconsin, where data supplied by the Urban Institute were used for total Medicaid expenditures for 1990 and 1994.

Expenditures on Maternal and Child Health Programs

For six states, data supplied by NACA member organizations were used for expenditures on maternal and child health programs, but in the remaining states, data were either missing or could not be reconciled with data from national sources. In the following states, data from the Association of Maternal and Child Health Programs were used for expenditures in 1995: Illinois, Kentucky, New Jersey, New York, and Pennsylvania. In Nebraska, data on 1995 expenditures were supplied by the U.S. Department of Health and Human Services' Region VII Office.

Expenditures on State Children's Health Insurance Programs

Data on expenditures on state children's health insurance programs were supplied by NACA member organizations.

APPENDIX E:

NACA Multi-State Children's Budget Watch Indicators

(revised April 9, 1996)

To the extent that there are federal and state contributions for any given expenditure category, both federal and state expenditures and shares of expenditures should be reported.

I. Selected Income Supports/Economic Security

A. Expenditures

1. Expenditures on AFDC/cash benefits
2. Expenditures for welfare-related work/training (JOBS [excluding child care expenditures], including other adult job-training through JTPA and state-specific programs, but not adult basic education)
3. Expenditures on Child Support [Collect data on AFDC & non-AFDC population]
4. Expenditures on Emergency Assistance (if broken out for families with children)
5. Expenditures on SSI
6. Tax credit programs (NACA for federal EITC; states should collect state EIC)
7. Federal expenditures on food stamps

B. Services

1. Average monthly number of AFDC/cash assistance households (cases)
2. Average monthly number of children receiving AFDC/cash assistance
3. Average monthly benefits/case
4. Maximum monthly AFDC benefit for a family of three
5. Proportion of state general fund expenditures used for AFDC cash benefits
6. Proportion of recovered child support that goes to families
7. Number, percent of AFDC households (cases) with part- or full-time wage earner
8. Number of AFDC/cash assistance recipients in welfare-related employment/ training programs, and as proportion of all employable AFDC/cash assistance recipients (states should specify what defini tion of "employable" is used)
9. Number, percent of households (cases) with children under age 2, and ages 2 - 5, in the cash assistance population ["Cash assistance" refers to AFDC population; break out other households covered by any state programs].

10. Exemption policy for welfare-related employment/training requirements (especially regarding families with young children)
11. Number of families with children receiving food stamps
12. Maximum food stamp benefit/person/month; average benefit/person/month; average benefit compared to 130% of poverty line
13. Number, percent of food stamp recipients receiving cash assistance
14. Average number of days/month food stamp recipient families of three are able to feed families using only food stamp benefits

C. Needs

1. Child poverty rate/Number of children below poverty line
2. Proportion of poor that are children
3. Proportion of AFDC/cash benefits recipients that are children
4. Proportion of poor children receiving AFDC/cash assistance
5. Maximum monthly AFDC/cash assistance benefit for a family of three as a percent of poverty line income [Use current year and benefit level.]
6. Combined maximum monthly AFDC/cash assistance and food stamp benefits for a family of three as a percent of poverty line income [Use maximum food stamp benefit here; average is not the best indicator since it has been increasing to reflect more needy recipients remaining on the program as the economy improves.]
7. Proportion of single-parent families out of total families
8. Proportion of single-parent families that are below the poverty line
9. Percent of families with children living in poverty
10. Poverty rate for families with children under 6
11. Percent of single-parent families with no child support order in place
12. Average percent of money received/child support order
13. Proportion of single-parent families with child support orders that do not receive any payments from the non-custodial parent
14. Proportion of single-parent families with child support orders that receive only partial payments from the non-custodial parent
15. Percent of all poor families with children with at least one parent working full- or part-time
16. Full-time state or federal minimum wage salary as a percent of poverty line income for a family of three [Use the FPL for this year.]
17. Statewide and sub-state regional unemployment rates (states should define sub- state regions that are the most useful for their state data)
18. Maximum monthly AFDC benefits for a family of three for the state as a percent of the Fair Market Rent for a 2-bedroom apartment in metro areas in the state
19. Total food stamp eligible population; percent of eligible population not receiving benefits
20. Number of children at or below 125% of poverty line; percent of eligible children not receiving food stamps
21. Number of non-AFDC individuals (i.e., "working poor") who receive food stamps; and as percent of total food stamp population

II. Child Care/Early Childhood Education

A. Expenditures
   1. Expenditures on "At Risk" Child Care [If this funding is blended with that of other child care programs for the working poor, e.g. CCDBG, and not broken out, report the total numbers and annotate.]
   2. Expenditures on welfare-related child care (exclusive of "at-risk" and TCC)
   3. Expenditures on Transitional Child Care
   4. Expenditures on purchase of child day care under the Social Services Block Grant
   5. Expenditures for Head Start
   6. Expenditures for state pre-K programs (State definitions of "pre-K programs" will be used to determine this; states should report what is included in their definitions and what is not) (excluding child care)[Only Philadelphia and New York City should report local expenditures.]
   7. Expenditures for state child care programs
   8. Federal expenditures on the Child Care and Development Block Grant Subsidy program (if available, the proportion that goes directly to subsidies)
   9. State expenditures on Resource and Referral programs
   10. Expenditures on child care tax credits (both state and federal)

B. Services
   1. Number of children served by welfare-related child care
   2. Number of children served by "At Risk" child care [See note II.A.2.]
   3. Number of three- and four-year old children enrolled in Head Start
   4. Number of children enrolled in the state pre-K program (State definitions of "pre- K programs" will be used to determine this)
   5. Number of children enrolled in Transitional Child Care
   6. Number of children served in child care subsidized by the Social Services BG
   7. Number of children served through direct subsidies from CCDBG
   8. Percent of counties that have Resource and Referral Programs

C. Needs
   1. Proportion of eligible children that are enrolled in Head Start (eligibility defined as poor three and four year olds)
   2. Percent of women in the workforce with youngest child under age six and with child(ren) ages six to 12
   3. Average cost of full-time day care at a child care center for infants and for preschoolers vs. minimum wages for full-time employment (infants defined as birth to 12 months and preschoolers defined as one to four year olds) [Try to get estimates based on the age ranges indicated; if not possible, give us the estimates for the age ranges you can get and annotate.]
   4. Percent of all eligible low-income families that receive child care subsidies

III. Education

A. Expenditures

1. Expenditures on education programs
2. Current expenditure per pupil in average daily attendance in public elementary and secondary schools, and as a percent of all direct general expenditures per capita
3. Expenditures on special education
4. Expenditures on Chapter I and any related state programs for the disadvantaged
5. Within the state, median district per pupil expenditures, average district per pupil expenditures, and per pupil expenditures in the five districts with the highest (and five lowest) per pupil expenditures

B. Services

1. Number of children receiving free and reduced-price lunches in pub lic schools [The number we are looking for is also called the average daily participation for free and reduced price lunch. See also VIII.B.2.]
2. Average daily attendance in public schools and in private schools
3. Number of children in special education
4. Number of children served by education programs funded by Chapter I and any related state programs for the disadvantaged
5. Racial/ethnic distribution of enrollment in the districts with the five highest (and five lowest) proportion of elementary school students receiving free and reduced-price lunches. [Please note for our purposes what percent of districts in your state participate in school lunch. If your state has more than a few districts where school lunch is not offered, you will not be able to collect data for this indicator, as well as some others below.]

C. Needs

1. Percent of teens ages 16-19 who are high school dropouts by race/ethnicity
2. Within the state, median and average drop out rates, and highest and lowest district drop out rates. [Even though your state may have some school districts which do not include high schools, data for this indicator may still be available. Drop out rates can be unreliable, but we may still be able to use them for analysis within your state's data.]
3. Drop out rates in the districts with the five highest (and five lowest) proportion of elementary school students receiving free and reduced-price lunches. [See note III.B.5].
4. State, median and average fourth- and eighth-grade math and reading scores. [The latest, best NAEP data available is for fourth-grade reading and math and eighth-grade math from 1992; the 1994 data is only for fourth grade reading. Collect the 1992 data. Illinois chose not to participate in NAEP testing that year and NAEP never releases city data, so no data is available for some participants. The second half of the data requested is also not available; NAEP is prohibited by law from releasing district data. NAEP data is available through your state education agency from the Director of Testing.]

5. Fourth- and eighth-grade state math and reading scores in the districts with the five highest (and five lowest) proportion of elementary school students receiving free and reduced-price lunches [Annotate with name of test, subject and grade. See note III.B.5.]
6. State average pupil-teacher ratios ("teacher" includes all instructors, but not non- instructional staff — e.g., includes PE teachers, but does not include school nurse)
7. Pupil-teacher ratios in the districts with the five highest (and five lowest) proportion of elementary school students receiving free and reduced-price [See note III.B.5.]
8. State average SAT (or ACT) scores
9. Average SAT (or ACT) scores in the districts with the five highest (and five lowest) proportion of elementary school students receiving free and reduced-price lunches [See note III.B.5.].

IV. Child Welfare

A. Expenditures

1. Expenditures on child welfare services; expenditures on administration (separated by general administration, training, and system reform), expenditures on direct services (separated by services provided by agency and services contracted out), system reform expenditures (separated by interagency pooled funds and administrative/categorical funds) [Break out as well as you can. It should be clear what you are looking for in administrative costs. Direct services include social work services, either for staff within the agency or contracted out, family preservation and support, foster care, room and board. Obviously, system reform funds will only be an issue in some states. Please annotate.]
2. Expenditures on child abuse prevention services (including children's trust fund) [There is a great deal of overlap in this category; please annotate well.]
3. Expenditures on family preservation and family support (using federal definition) [While the federal definition should be used to figure out which services qualify under this indicator, more than federally funded programs should be reported in this category.]
4. Expenditures on child protective services
5. Expenditures on adoptive subsidies and services
6. Expenditures on foster care (broken into foster family homes, kinship care, group homes, institutional in-state, and institutional out-of-state) [These are maintenance expenditures.]
7. Average payment/child/month in family foster homes, kinship care, group homes, institutional in-state, institutional out-of-state
8. Expenditures on out-of-home care for children and families (broken out into services and maintenance) [The purpose of this figure is to indicate funding for services as distinct from maintenance. If you cannot get services expenditures, skip this indicator. "Services" includes therapy, respite care, tutoring for special education students. See IV.A.6 for a definition of maintenance]

B. Services
   1. Number of children in foster care; racial/ethnic distribution
   2. Average length of stay in foster care
   3. Number of children served through family preservation, family support, and child abuse prevention services (note where state has unduplicated counts[There is likely to be a lot of overlap here; break out where possible and annotate. If numbers are only available for families, use that and make a note. Include child protection diversion for unfounded cases here. See note IV.A.3 for definition of family preservation and family support.]
   4. Number of children served by child protection casework; number of case workers; average caseload per case worker

C. Needs
   1. Number of total suspected child abuse and neglect reports, number of suspected child neglect reports [If your state only monitors the number of investigated reports of child abuse and neglect and not reports of suspected abuse and neglect, you should report the number investigated and note accordingly.]
   2. Number of total substantiated child abuse and neglect reports, number of substantiated child neglect reports
   3. Ratio of suspected:substantiated reports [See note V.C.1.]
   4. Number of children with goal of adoption (in children's permanency plan); number adopted [For number of children adopted, please indicate whether this includes private adoptions, public adoptions or both. Break out where possible.]

V. Juvenile Justice

A. Expenditures
   1. Expenditures on juvenile justice programs (federal, state, and county)
   2. Expenditures on pre- and post-disposition, community-based out-of-home and institutional placement for juveniles, and community-based non-residential programs for juveniles [Pre-disposition includes, but is not limited to, psych evaluations, placement in juvenile facilities, some limited foster care for this population. If you are including after-care, please note.]
   3. Annual cost of youth incarceration per youth
   4. Expenditures on after-care (non-residential services for juveniles who have left institutional placement) [If after-care cannot be broken out, skip this indicator.]
   5. Expenditures on post-disposition placement for youths tried as adults (separated by costs for those in adult facilities and those in juvenile facilities)

B. Services
   1. Definition of age leading to adjudication of juveniles as adults
   2. Number of juveniles in institutional placements (youthful offender, juvenile correction, and residential treatment)
   3. Number of juveniles in community-based out-of-home placements

4. Number of juveniles in community-based non-residential programs
5. Number of delinquency petitions handled by juvenile court system, number of status offense petitions handled by the juvenile court system
6. Average length of stay for juveniles in institutional placement, average length of stay for juveniles in community-based residential programs
7. Number of youth held, before adjudication, in adult jails
8. Number of youth placed in adult prisons, distribution by race

C. Needs
   1. Juvenile delinquent post-disposition, institutional placement rate (as percent of youth population) [Use 1990 census data for youth population. Choose the age range which incorporates the juvenile delinquent population in your state.]
   2. Number of total juvenile arrests; as percent of total youth population; distribution by race, distribution by gender
   3. Number of serious violent crimes cleared by juvenile arrests compared to total serious violent crimes cleared by total arrests [Crimes cleared are defined as crimes that result in arrests.]

VI. Youth Development

A. Expenditures
   1. Expenditures on juvenile delinquency prevention and youth development programs [This category could include a wide variety of programs including mentoring, job training, recreation programs, e.g., camps, etc. Annotate where broken out. Do not include general education expenditures here.]
   2. Expenditures on youth employment programs (including JTPA, for youth).
   3. Ratio of per youth prevention costs: pre- and post-disposition costs for community- based residential and institutional placement and after-care [To calculate this figure, add VI.A.1 and VI.A.2 and divide by the sum of V.A.2 and V.A.4.]

B. Services
   1. Number of youth participants in job training/skills or youth development programs, number of youths in summer jobs program
   2. Average length of participation in job training and youth development programs among youth; average cost per youth for this period

C. Needs
   1. Percent of teens ages 16-19 not in school, not in labor force

VII. Health

A. Expenditures
   1. Expenditures on Medicaid (broken down by use: child welfare, early intervention for disabled children, school-based health care, etc.) [For some states, the advent of managed care will force you to trace funding that goes to a large number of HMOs]
   2. Percent of Medicaid expenditures for children
   3. Medicaid expenditures as percent of total state budget
   4. Expenditures on Maternal & Child Health programs (Title V, may

include some others, e.g., numbers 6, 7 below) [Non-Medicaid expenditures.]

5. Expenditures on family planning services
6. Expenditures on state health insurance programs for children (states need to define what programs are included here) [Non-Medicaid expenditures.]
7. Expenditures on Part H early intervention (Birth to Three) programs
8. Expenditures on community services for mental health; percent of these expenditures for children (Medicaid, CMHBG, state-specific programs) [This is a broad category; please annotate as to what is included, e.g., substance abuse treatment.]
9. Expenditures on residential centers for mental health; percent of these expenditures for children
10. State expenditures on public health departments; community health centers; public hospitals

B. Services

1. Average monthly Medicaid population; number of children monthly receiving Medicaid; Medicaid eligible children — distribution by eligibility category, percent of eligible children receiving EPSDT
2. Number of children covered by state health insurance programs for children
3. Percent of eligible pregnant women receiving prenatal care (general and Medicaid)
4. Number of children in programs for the developmentally disabled
5. Number of children (under age 4) served by Part H early intervention (Birth to Three)
6. Number of children served by community mental health services
7. Percent of total births that are paid for by Medicaid; percent of total births that are uninsured
8. Percent of Medicaid children enrolled in managed care organizations; percent of total child population enrolled in managed care organizations
9. Number of on-site school health centers

C. Needs

1. Percent of infants with low birth weight
2. Infant mortality rate; distribution by race/ethnicity
3. Number of children without health insurance; number of children with public insurance, number of children with private (employer-based and individually-purchased) insurance; as percentage of total children; distribution by age
4. Percent of women receiving no prenatal care by third trimester
5. Percent of children who are appropriately immunized at age 2 and at start of school
6. Number of children who require developmental disability services; break out Part H early intervention (Birth to Three) eligibles
7. Unmarried teen birth rate, ages 15-19 (KIDS COUNT approach)
8. Percent of Medicaid children who received dental care in last year
9. Percent of unmet need for children requiring Part H early interven

tion (Birth to Three)

10. Number of emergency room visits for non-emergency care, if available
11. Average annual medical costs per family; as percent of median income; as percent of poverty line

VIII. Child Nutrition

A. Expenditures

1. Expenditures on WIC; separate out formula rebate
2. Expenditures on the School Breakfast program
3. Expenditures on National School Lunch program
4. Expenditures on Summer Food program
5. Expenditures on Child Care Food program
6. Expenditures on TEFAP and the Commodity Supplemental Food Program

B. Services

1. Number of WIC recipients; by category (i.e., number of women, infants, and children)
2. Average daily participation of students receiving free lunches; average daily participation of students receiving reduced price lunches
3. Average daily participation of students receiving free breakfasts; average daily participation of students receiving reduced price breakfasts
4. Ratio of subsidized meals:total meals (for both breakfast and lunch programs)
5. Percent of schools in which "severe need" exists (USDA definition)
6. Percent of schools participating in NSLP; percent of schools participating in SBP
7. Percent of schools participating in NSLP that are participating in SBP
8. Number of child care facilities participating in Child Care Food program
9. Number of children served by Child Care Food program
10. Average daily participation in Summer Food program
11. Number of Summer Food program sites

C. Needs

1. Total WIC eligible population; percent of eligible population not receiving benefits; separated out by category (i.e., women, infants, and children [This may not be broken down by category; give total numbers and percent not served if it is not.]
2. Total school lunch program eligible population; percent of eligible population not receiving benefits
3. Number of people seeking food from soup kitchens and emergency pantries; number of children served by soup kitchens and pantries

APPENDIX F:

List of NACA Member Organizations

ALABAMA
Voices for Alabama's Children
P.O Box 4576
Montgomery, AL 36103
Ph: 334-213-2410
Fax: 334-213-2413
HN3152@handsnet.org

ARIZONA
Children's Action Alliance
4001 North 3rd Street, Suite 160
Phoenix, AZ 85012
Ph: 602-266-0707
Fax: 602-263-8792
HN3154@handsnet.org

ARKANSAS
Arkansas Advocates for
Children and Families
103 East 7th Street, Suite 931
Little Rock, AR 72201
Ph: 501-371-9678
Fax: 501-371-9681
HN3302@handsnet.org

CALIFORNIA
Children Now
1212 Broadway, Suite 530
Oakland, CA 94612
Ph: 510-763-2444
Fax: 510-763-1974
HN0648@handsnet.org (Oakland)
HN0649@handsnet.org (Sacramento)

Children's Advocacy Institute
University of San Diego Law School
5998 Alcala Park
San Diego, CA 92110
Ph: 619-260-4806
Fax: 619-260-4753

Coleman Advocates for Children & Youth
2601 Mission Street, Suite 708
San Francisco, CA 94110
Ph: 415-641-4362
Fax: 415-641-1708
HN2400@handsnet.org

COLORADO
Colorado Children's Campaign
225 East 16th Avenue, Suite B-300
Denver, CO 80203
Ph: 303-839-1580
Fax: 303-839-1354
HN3157@handsnet.org

CONNECTICUT
Connecticut Association for Human
Services
110 Bartholomew Avenue, Suite 403
Hartford, Connecticut 06106-2201
Ph: 860-951-2212
Fax: 860-951-6511
HN3158@handsnet.org

DISTRICT OF COLUMBIA
DC Action for Children
1616 P Street NW, Suite 110
Washington, DC 20036
Ph: 202-234-9404
Fax: 202-234-9108
HN6406@handsnet.org

FLORIDA
Florida Center for Children & Youth
P.O. Box 6646
Tallahassee, FL 32314
Ph: 904-222-7140
Fax: 904-224-6490

GEORGIA
Georgians for Children
3091 Maple Drive, NE, Suite 114
Atlanta, GA 30305
Ph: 404-365-8948
800-KIDS-772
Fax: 404-365-9009
HN3160@handsnet.org

HAWAII
Hawaii Advocates For Children & Youth
805 Kokea Street
Honolulu, HI 96817
Ph: 808-845-0701
Fax: 808-848-1421
E-mail: hikids@aloha.net

ILLINOIS
Voices for Illinois Children
208 South LaSalle, Suite 1580
Chicago, IL 60604
Ph: 312-456-0600
Fax: 312-456-0088
HN3173@handsnet.org

KANSAS
Kansas Action for Children
715 Southwest 10th
Topeka, KS 66612
Ph: 913-232-0550
Fax: 913-232-0699
HN3434@handsnet.org

KENTUCKY
Kentucky Youth Advocates
2034 Frankfort Avenue
Louisville, KY 40206
Ph: 502-895-8167
Fax: 502-895-8225
HN3180@handsnet.org (Louisville)
HN3181@handsnet.org (Frankfort)

LOUISIANA
Agenda for Children
P.O. Box 51837
New Orleans, LA 70151
Ph: 504-586-8509
Fax: 504-586-8522
HN1591@handsnet.org

MAINE
Maine Children's Alliance
P.O. Box 2446
Augusta, ME 04338-2446
Ph: 207-623-1868
Fax: 207-626-3302
HN4788@handsnet.org

MARYLAND
Advocates for Children & Youth
300 Cathedral Street, Suite 500
Baltimore, MD 21201
Ph: 410-547-9200
Fax: 410-547-8690
HN1989@handsnet.org

MASSACHUSETTS
Massachusetts Advocacy Center
100 Boylston Street, Suite 200
Boston, MA 02116-4610
Ph: 617-357-8431
Fax: 617-357-8438

Massachusetts Committee
for Children and Youth
14 Beacon Street, Suite 706
Boston MA 02108
Ph: 617-742-8555
Fax: 617-742-7808

MICHIGAN
Michigan's Children
428 West Lenawee
Lansing, MI 48933-2240
Ph: 517-485-3500
Fax: 517-485-3650
HN3666@handsnet.org

MINNESOTA
Children's Defense Fund - Minnesota
550 Rice Street, Suite 205
St. Paul, MN 55103
Ph: 612-227-6121
Fax: 612-227-2553
HN5347@handsnet.org

MISSISSIPPI
Mississippi Forum on Children and
Families
300 Old Canton Road, Suite 585
Jackson, MS 39216
Ph: 601-366-9083
Fax: 601-982-8055

MISSOURI
Citizens for Missouri's Children
2717 Sutton Avenue
St. Louis, MO 63143
PH: 314-647-2003
Fax: 314-644-5437
HN3233@handsnet.org

NEBRASKA
Voices for Children in Nebraska
7521 Main Street, Suite 103
Omaha, NE 68127
Ph: 402-597-3100
Fax: 402-597-2705
HN3178@handsnet.org

NEVADA
Action for Nevada's Children
1090 South Rock Boulevard
Reno, NV 89502
Ph: 702-856-6210
Fax: 702-786-8299

NEW HAMPSHIRE
Children's Alliance of New Hampshire
125 Airport Road
Concord, NH 03301
Ph: 603-225-0900
Fax: 603-225-4346
HN3300@handsnet.org

NEW JERSEY
Association for Children of New Jersey
35 Halsey Street
Newark, NJ 07102
Ph: 201-643-3876
Fax: 201-643-9153
HN3867@handsnet.org

NEW MEXICO
New Mexico Advocates
for Children & Families
P.O. Box 26666
Albuquerque, NM 87125-6666
Ph: 505-841-1710
Fax: 505-841-1702
HN3165@handsnet.org

NEW YORK
Citizens' Committee for
Children of New York
105 East 22nd Street
New York, NY 10010
Ph: 212-673-1800
Fax: 212-979-5063
HN3791@handsnet.org

Statewide Youth Advocacy, Inc.
17 Elk Street
Albany, NY 12207-1002
Ph: 518-436-8525
Fax: 518-427-6576
HN1495@handsnet.org

Westchester Children's Association
470 Mamaroneck Avenue
White Plains, NY 10605
Ph: 914-946-7676
Fax: 914-946-7677

NORTH CAROLINA
Council for Children, Inc.
229 South Brevard Street, Suite 202
Charlotte, NC 28202
Ph: 704-372-7961
Fax: 704-372-5941
HN6528@handsnet.org

North Carolina Child Advocacy Institute
1318 Dale Street, Suite 110
Raleigh, NC 27605
Ph: 919-834-6623
Fax: 919-829-7299
HN1599@handsnet.org

OHIO
Children's Defense Fund — Ohio
52 East Lynn Street, Suite 400
Columbus, OH 43215
Ph: 614-221-2244
Fax: 614-221-2247

OKLAHOMA
Oklahoma Institute for Child Advocacy
420 NW 13th Street
Oklahoma City, OK 73103
Ph: 405-236-KIDS
Fax: 405-236-5439
HN3167@handsnet.org

OREGON
Children First for Oregon
921 SW Morrison, Suite 418
Portland, OR 97205
Ph: 503-294-1456
800-544-0376
Fax: 503-294-1806
HN3156@handsnet.org

PENNSYLVANIA
Philadelphia Citizens for Children & Youth
7 Benjamin Franklin Parkway
Philadelphia, PA 19103
Ph: 215-563-5848
Fax: 215-563-9442

Pennsylvania Partnerships for Children
20 North Market Square, Suite 300
Harrisburg, PA 17101-1633
Ph: 717-236-5680
800-257-2030
Fax: 717-236-7745
HN3169@handsnet.org

Juvenile Law Center
801 Arch Street, Suite 610
Philadelphia, PA 19107
Ph: 215-625-0551
Fax: 215-625-9589
HN2403@handsnet.org

SOUTH CAROLINA
Alliance for South Carolina's Children
P.O. Box 11644
Columbia, SC 29211
Ph: 803-343-5510
Fax: 803-343-5549

TENNESSEE
Black Children's Institute of Tennessee
301 Starboard Court
Nashville, TN 37217
Ph: 615-366-5510
Fax: 615-360-7843
HN3261@handsnet.org

TEXAS
CHILDREN AT RISK
5002 Scotland
Houston, TX 77007-7237
Ph: 713-869-7740
Fax: 713-869-3409
103154.2226@compuserve.com

Tarrant County Youth Collaboration
3001 Sanguinet
Fort Worth, TX 76107
Ph: 817-731-1900
Fax: 817-763-5009

Texans Care for Children
P.O. Box 161705
Austin, TX 78716-1705
Ph: 512-327-5477
Fax: 512-328-4618

UTAH
Utah Children
747 East South Temple, Suite 150
Salt Lake City, UT 84102
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Fax: 801-364-1186
HN3179@handsnet.org

VIRGINIA
Action Alliance for Virginia's
Children & Youth
422 East Franklin Street, 3rd Floor
Richmond, VA 23219
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Fax: 804-649-0161
HN5071@handsnet.org

WASHINGTON
The Children's Alliance
172-20th Avenue
Seattle, WA 98122
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Fax: 206-325-6291

WEST VIRGINIA
Children's Policy Institute of West Virginia
P.O. Box 3839
Charleston, WV 25338
Ph: 304-344-3970
Fax: 304-855-5050

WISCONSIN
Wisconsin Council on
Children and Families
16 North Carroll Street, Suite 420
Madison, WI 53703
Ph: 608-284-0580
Fax: 608-284-0583
HN1915@handsnet.org

WYOMING
Wyoming P.A.R.E.N.T.
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Laramie, WY 82070
Ph: 307-745-0990
duperrot@wyoming.com

APPENDIX G:

List of NACA Board of Directors

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_____
Organization

_____
Address

_____
City/State/Zip

_____
Phone (area code) Fax

Please complete and mail with your check, payable to NACA, to:

National Association of Child Advocates
1522 K Street, NW, Suite 600
Washington, DC 20005

National Association
of Child Advocates

1522 K Street, NW
Suite 600
Washington, DC 20005
202/289-0777
Fax 202/289-0776
e-mail: HN1315@handsnet.org
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